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CONSTRUCTION DELAYS AT THE SOCIAL SECURITY BUILDING IN JAMAICA, NY

HEARING

BEFORE THE

SUBCOMMITTEE ON WATER RESOURCES, TRANSPORTATION, AND INFRASTRUCTURE

OF THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE

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CONSTRUCTION DELAYS AT THE SOCIAL SECURITY BUILDING IN JAMAICA, NEW YORK

MONDAY, MARCH 16, 1987

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
SUBCOMMITTEE ON WATER RESOURCES,
TRANSPORTATION, AND INFRASTRUCTURE,
Jamaica, NY.

The Subcommittee on Water Resources, Transportation, and Infrastructure met, pursuant to notice, at 11:16 a.m., at Grace Episcopal Church Community Center, 90th Avenue and Parson Boulevard, Jamaica, New York, Hon. Daniel Patrick Moynihan [chairman of the subcommittee] presiding.

Present: Senator Moynihan.

Also present: Representative Flake.

OPENING STATEMENT OF HON. DANIEL PATRICK MOYNIHAN, U.S. SENATOR FROM THE STATE OF NEW YORK

Senator MOYNIHAN. A very good morning. Before he leaves the room, I wonder if I might express my appreciation to Father Thomas for his great courtesy in making this wonderful gothic hall available to us.

First, as I'm sure you all know, Rufus King is buried here in the graveyard of Grace Episcopal Church, our first Senator. He was also a signer of the Declaration of Independence, which is an unusual combination. He signed the Declaration of Independence as a Massachusetts man, and represented New York as a Jamaica man.

We are here on an elemental mission, which is to find out why it is taking so long for the General Services Administration and its contractor and subcontractors to finish the Social Security Administration building, which is just across the way. This building was in planning for a very long while; when I became a member of the Committee on Environment and Public Works almost 11 years ago it was one of the possibilities we had. We knew we had to consolidate the Northeastern Regional Headquarters of the Social Security Administration, and the general problem which GSA had developed was very acute here in the city of New York, as it is in the city of Washington, which is to say that in the effort to avoid any particular large sum in one budget we got into the business of renting office space instead of building it. The old and honored tradition of a Federal building being a major piece of architecture, the center of a community—the post office or court house, and so forth—has been slipping away. At this point the majority of Feder-

al office space is rented, and in this city—at least out here in Queens, where we have Social Security Administration facilities all over the borough, very expensive properties producing not very satisfactory office space at very unsatisfactory rental costs.

In 1978, working with our late friend Joe Addabbo on the House side, I was able to get the Committee on Environment and Public Works to direct the GSA to conduct a feasibility study for locating this facility here in Jamaica, where the regional plan substation had, for 30 years, been developing the prospects of a true urban center within the large urban complex of the city itself. And Jamaica was an urban setting, if you will, at the same time and in the same era that Manhattan was.

We have a very special combination of transportation facilities, educational facilities, historical settings such as the Grace Church, the King Mansion. All of this seemed to be working well when all of a sudden the Long Island Press, after 157 years, closed. Macy's left, and it looked like we were going to see another 30 years of planning disappear again, and we moved. We said, all right; the one thing we need is a big Federal building with a stable and continuing task, Social Security being the very embodiment of that. We set about to build a $92 million building, and we had it down to be completed by the summer of 1986.

This was done in the last decade, and the ground breaking—let's see; when did we actually have a ground breaking? I think Mr. Diamond has been opening this building on every possible occasion, or every possible election, I should say.

In June of 1984 the field work was up and we had a formal dedication. One week before the last election we named it for Mr. Addabbo. I suppose the next election we'll do something else, and we haven't been able to finish the building. The building was supposed to have been finished last summer. It's not finished yet, and it's not scheduled to be finished for some time to come. And the prospect that we have is that we're going to have to continue to rent space, continue present rentals; we're going to have to install computers in them that were meant to be installed across the way, in the new building. We're going to perhaps add as much as—there are various estimates; the one I have from the General Accounting Office is that we may have to add another $18.4 million in rent because we haven't finished a $92 million building on time.

And that won't do. That just is not any way to spend public money, not any way to administer public projects. The General Accounting Office has provided me a very careful report on this project which is extremely critical. I have read a lot of GAO reports, but I've not read any that is as incisive; I mean, a 299-day delay because the foundations aren't right; five-month delays because the wrong brick gets delivered; no project administrator.

I've spoken to Mr. Terence Golden, who is the distinguished Administrator of the General Services Administration, and he has told me of his dismay. He has come up here and walked the project himself and said, what is the matter? My purpose in holding this hearing is to ask the same question on the site of the persons who are, in the first instance, responsible.

We have a group of witnesses here, of which the first is Mr. David Milder of the Regional Planning Association. Mr. Milder,

would you come forward? May I welcome you, because I remember most specifically touring this area in 1978 and looking at the plans that the Regional Planning Association had been working up—well, it goes back to the 1930's, does it not? You tell me, sir.

I have a statement which I'd like to put in the record at this point.

[Senator Moynihan's statement follows:]

OPENING STATEMENT OF HON. DANIEL PATRICK MOYNIHAN, U.S. SENATOR FROM THE STATE OF NEW YORK

Good morning. As Chairman of the Senate Committee on Environment and Public Works, Subcommittee on Water Resources, Transportation and Infrastructure, I am charged with the responsibility of overseeing the GSA building program. It is in this capacity that I have called for this hearing on the progress, or shall we say lack thereof, on the construction of the Federal building in Jamaica.

For more than a decade the Social Security Administration Northeastern Program Service Center has been housed in leased buildings at six sites scattered throughout Queens, New York. At present, 2,700 employees work in these buildings, processing $3.0 billon worth of checks every month. More than 5.5 million beneficiaries depend on these federal employees.

But SSA found this arrangement failed to meet its office needs and that the environmental working conditions were below acceptable minimum requirements for federal space. In addition, SSA advised Congress that relocation into a new federal building would improve its operations, increase the effectiveness of federal protection services, and facilitate management and operation of the space inventory.

These arguments were so compelling that I joined Congressman Joseph Addabbo in 1978 in persuading the Congress that a new federal building needed to be built, and it needed to be built in Jamaica.

It is sound public building policy, I believe, for us to locate Federal buildings with an eye to fostering local development. To do this is simply to successfully imitate the history of the Federal building program. There was a time when having a Federal building or post office literally placed a town on the map. Downtowns would spring up around the Federal building, which were the most substantial and impressive structures in town.

Jamaica does not need a new downtown. It already has one. But Jamaica does need an open and operating Federal building. So, too, the SSA. and the clients.

Since 1978, I have worked to ensure that Congress authorized this project and appropriated the necessary funding—which it did. In May of 1980, Congress had given the directive to the General Services Administration to build us a building. We thought at the time, because GSA told us so, that SSA could expect to occupy the Federal building by the fall of 1986.

Well, here we are, just five days shy of the spring of 1987, and we don't have a building. We don't have a roof. We don't have windows. We don't have electrical wiring. Instead, 60 watt bulbs are strung throughout the building, reminiscent of a used-car lot. We don't have interior walls. We don't even have a date when we can be reasonably assured that SSA will be relocated in the building.

This is why we are here today: to try to find out what happened, and why, and who is to blame. Why was there a 299 day work stop order, in 1984? Why the brickwork is, as yet, uncompleted? Why the project has lacked the necessary skilled laborers? Essentially, the Committee wants to know why the Federal building is not ready for occupancy? And just when will it be ready?

We hope and expect that our witnesses will establish for the hearing record:

The history of the project delays.

The potential problems in meeting the current project completion schedule.

The incremental costs incurred due to the construction delays, and who will be responsible for them. And,

The impact of these delays on the Social Security clients.

I want to express special appreciation this morning to the General Accounting Office, who at my request gathered some information on this matter. The GAO, led by its regional office investigators, did a characteristically excellent job, in a short amount of time. I must emphasize that more information is needed before any complete conclusions can be drawn. So the questions I raise this morning and the conclusions I may draw are my own, and not those of GAO.

I welcome my colleague, Congressman Floyd Flake, and look forward to hearing the testimony of the witnesses.

Senator MOYNIHAN. Mr. Milder, we welcome you.

STATEMENT OF N. DAVID MILDER, REPRESENTING THE REGIONAL PLANNING ASSOCIATION

Mr. MILDER. Thank you, Senator.

My name is David Milder. I am here today representing the Regional Planning Association, a private, non-profit planning agency that has been concerned with the 31-county Tri-state New York Urban Region for over 50 years. Regional Plan has long advocated the clustering of office jobs, retailing, arts and entertainment, higher education, health services, and apartments in walkable downtowns because they make better use of existing public transportation and other public facilities, increase the tax revenues for the older cities; provide nearby jobs and services convenient to major low income residential areas; serve to reduce the separation of rich and poor and black and white, and prevent an unbridgeable cap; reduce the pressure towards urban sprawl, and help save vitally-needed open space, energy, air, and water quality.

In 1968, Regional Plan first advocated Jamaica Center as one of a network of downtowns in the region——

Senator MOYNIHAN. The Jamaica Center?

Mr. MILDER. Jamaica Center, that is the term to use. It's a metropolitan center; a cluster of central functions.

Regional Plan argued that with appropriate public actions to improve Jamaica's infrastructure and to strengthen its central place functions, the forces that were then turning Jamaica into a slowly-declining gray area could be overcome.

Senator MOYNIHAN. Mr. Milder, would you excuse me just one moment? My colleague, Representative Flake, has just arrived and I want to welcome him.

It's very nice to have you.

Congressman Flake, would you like to make an opening statement? I'm sure Mr. Milder won't mind at all.

Mr. Milder, would you just stay right where you are? Representative Flake has arrived and will make an opening statement.

OPENING STATEMENT OF HON. FLOYD H. FLAKE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. FLAKE. Thank you, Senator Moynihan, first of all for calling this hearing. I think that the community is indebted to you for allowing an opportunity for a forum to speak on what I consider to be a major critical issue as we evaluate where we are in the process of development of this particular Federal office building.

There seems to be a tendency in so many instances, particularly when we're talking about Government funding and Government financing, for contractors, agencies, and entities to allow themselves to extend projects to a point where it seems to impact on the Government in a way that it really ought not to. And that impact upon Federal Government is not only hurting in that arena, but it also hurts a community. This community has depended upon the development of this particular Federal complex to be able to begin an initiation of a project as a possibility for its redevelopment.

It is necessary, therefore, that you understand the urgency of the situation. Your college is in its developmental phase; the MTA is developing the subway system here, and all of it really ties into the ability of the Federal system to be able to deliver this Federal building. Its jobs are important for the economic development of South Jamaica. Its overall thrust, its impact will allow for us to be able to allow people who wish to come and participate in this process of growth to be able to come and assure us that this community will continue to thrive, that it will continue to grow and continue to develop.

My presence here this morning is out of concern for the constituency who have, at this point, indicated their desire to see this project move forward. The Senator and I are united together in our commitment and our concern that it is delivered as soon as possible.

And, Mr. Commissioner, we would like for you to just know that not only is this a concern, but that we will be working together to assure that it is done as forthright as possible, that it is done with the greatest degree of concern while making sure that the Federal Government does not spend more than is necessary for it, that it is done in a way that this community can feel a sense of pride in knowing that all has been done on our part to make sure that this delivery system is effective.

You may continue with your remarks now.

Thank you, Senator.

Senator MOYNIHAN. Mr. Milder was just describing the Regional Planning Association, and I think he's going to get on to your work here in Jamaica Center.

Mr. MILDER. As I said, in 1968 Regional Plan first advocated creating Jamaica into a major metropolitan center. In 1969, the city of New York declared in favor of rebuilding the outer borough downtowns, including Jamaica Center, and in the ensuing years public investment in Jamaica Center has been impressive. Office sites were acquired and cleared; York College was created and located in a new campus; the elevated subway line was taken down, and a new subway line was constructed to serve the new college and office district. The Gertz Building was renovated to accommodate 315,000 square feet of office space for State and city agencies; thousands of apartment units were rehabilitated; a new library was built, as were substantial new court and hospital facilities.

In 1983 we were asked by the city and by the borough president to again look at Jamaica Center and review its development potential, and we came away once again reaffirming its potential for becoming a major metropolitan center. We noted that much had been done, and a lot of public investment had come into the area; but the key project that had the most impact for Jamaica's future, the pivotal project, we felt, was the completion of an attractive new building for 3,000 Social Security Administration employees here at Jamaica Center.

Regional Plan wants to take this opportunity, Senator, to thank you for all your efforts to bring that facility here to this location.

Senator MOYNIHAN. You're very kind.

Mr. MILDER. The key to Jamaica's future growth is as an office center. A significant number of office workers in a concentrated

area can stimulate retail growth and help bring more middle-income shoppers back to the downtown. Regional Plan estimates that the 3,500 Social Security employees will each spend about $1,500 a year in shops and restaurants here in downtown Jamaica, enough to create the critical mass needed to improve the area's retail mix.

The Social Security Administration employees will also help improve Jamaica's image as a safe and attractive place to visit. In another recent study that we did, we found that people feel safer in those downtowns where they expect to find a lot of middle-income pedestrians on the street, and the new Social Security facility is capable of generating that kind of pedestrian flows in the core areas of the downtown. That's a very major consideration.

The new Federal office facility will improve Jamaica Center's attractiveness, safety image, retail mix, as well as demonstrate its viability as an office center and the value of its labor pool and transportation assets. And in doing so, it will make Jamaica Center a far more attractive office site for private corporations. Another 2.3 million square feet of private sector office space coming to Jamaica in the near future is not an unreasonable goal at all.

Given the pivotal role of this facility to Jamaica's future and the benefits of a strengthened Jamaica Center to the borough, the city, the State, and the entire tri-state region, and the private investment decisions that are awaiting the vision of a new Jamaica Center, the completion of this facility and its use by Social Security personnel are extremely important.

Thank you.

Senator MOYNIHAN. Well, I thank you.

Did I hear you say that you think it's reasonable to project that another 2.3 million square feet of private sector office space is an entirely reasonable goal?

Mr. MILDER. Yes.

Senator MOYNIHAN. We have one of the best transportation networks you could ask for, don't we? You have the Long Island Railroad; you have the New York City subway system; you have the bus system, and you have the roads from the world's major airports just over the horizon.

Mr. MILDER. Yes. Those are tremendous assets. You have 10 of the 11 major Long Island Railroad branches coming through or accessing through Jamaica. You have 42 bus lines.

Senator MOYNIHAN. That's 42 bus lines?

Mr. MILDER. Yes, 42 bus lines. And you are maybe 20 minutes from Manhattan by Long Island Railroad, half an hour by subway, 10 to 15 minutes from either airport. We think that these kinds of transportation assets really make it a very desirable place once we begin to deal with the image problem and once we begin to get more middle-income people in the area.

Senator MOYNIHAN. I know that in 1978 you were whipped. The Long Island Press had closed; Macy's had left. Do you feel there is some momentum coming back if we can ever get this building built?

Mr. MILDER. Well, we recently completed about a three-year study of Jamaica and we came out very, very upbeat about Jamaica's potential to grow. And I did give your staff a copy of that

report, and we really believe that Jamaica has bottomed out and is on the way up. This building can really put it on the map:

Senator MOYNIHAN. If we can get it built?

Mr. MILDER. If you get it built.

Senator MOYNIHAN. If we can get a roof on it.

Mr. FLAKE. Have you done any impact study on its effect as it relates to local residents in terms of their potential for being employees within this particular structure? We talk about the massive transportation system that will bring people in and take them out. What do you project as its impact as relates to the number of in-community residents who will make up this 3,500 worker population?

Mr. MILDER. Well, we did not do a very refined impact analysis of how many local residents would be employed at this facility, but we do expect that an appreciable amount will.

Mr. FLAKE. Have you heard of or do you anticipate any kind of a training program that will allow for those areas where there might be a base of people who will have necessary skills or skills that can be developed to assure that there is a representative body of workers who live in and represent the particular community that the building is going into?

Mr. MILDER. I myself, Representative, do not know of any such program.

Mr. FLAKE. It's probably a reasonable thought, though, isn't it?

Mr. MILDER. Yes, it certainly would be.

Senator MOYNIHAN. The transportation is important. You can't have an office complex without lots of just plain freight moving in and out. We don't think of office buildings as requiring lots of materials, but they do.

Mr. MILDER. Well, I think the key thing is people; people and labor. The other big asset that Jamaica has is its labor pool. We have over half a million existing office workers and managers within the Jamaica labor pool, and those wonderful transportation assets enable Jamaica to access the huge labor pool, which is very, very important.

By the way, another thing is—in fact, it's often overlooked—is that the surrounding neighborhoods of Jamaica are very middle income in a lot of areas. We found that the average household income in 1982 was about $26,000, household level. While you do have pockets of poverty, you do have a lot of solidly middle class residents with beautiful homes, well-maintained lawns, as middle class as you could possibly think.

Senator MOYNIHAN. And you just need to drive along any street and you see it.

Half a million office workers in the Jamaica area?

Mr. MILDER. That are in the labor pool.

Senator MOYNIHAN. Labor pool, correct.

Mr. FLAKE. I guess the question that again comes up is, will this office be, for the most part, for a transfer of people who are currently working within the Social Security system who will be coming in? Or will, in fact, there be a drawing from that labor pool that you're talking about, to your understanding?

Mr. MILDER. I would imagine they are going to be transferring in. I do not know. I would imagine that if they have existing office

entities that are being transferred, that people who are already employed will be brought along. But our understanding is that as time goes by, people who make up the local labor pool are gradually hired and taken in. But it takes time to do that.

Senator MOYNIHAN. So in 10 or 20 years you might find some progress in that regard?

Mr. MILDER. Certainly.

Senator MOYNIHAN. Thank you very much. Once again, I don't think people appreciate the Regional Plan, but I do.

Mr. MILDER. Well, thank you.

Senator MOYNIHAN. And Representative Flake does.

Mr. MILDER. He is a very illustrious member of our board.

Senator MOYNIHAN. And that building wouldn't be there if it hadn't been for your inspiration.

Mr. MILDER. Thank you very much.

Senator MOYNIHAN. I want to thank you very much for it.

Our next witness who will, I think perhaps, address the questions that Representative Flake has asked is Marilyn O'Connell, who is Director of the Office of Materiel Resources of the Social Security Administration.

We welcome you, Ms. O'Connell. If you have a statement, you might want to put it in the record and just perhaps summarize it for us.

STATEMENT OF MARILYN O'CONNELL, DIRECTOR, OFFICE OF MATERIEL RESOURCES, SOCIAL SECURITY ADMINISTRATION

Ms. O'CONNELL. Mr. Chairman, I appreciate the opportunity to come to New York and testify before you. As you know, we hope to consolidate our Northeastern Program Service Center, which is currently in five separate locations, as well as the Jamaica TeleService Center, the Jamaica District Office and the Regional Training Center into the new building.

The Northeastern PSC serves approximately 6 million beneficiaries in the northeastern area of the country and certifies benefit payments of approximately $3 billion per month to the beneficiaries it serves.

I'll defer to General Services Administration officials on the status of the building. We, like you, are looking forward to the end of construction. As you know, the Social Security Administration is currently implementing a major systems modernization and office automation plan to provide more efficient and timely service to the public. This plan involves a nationwide network of new equipment and software which will interconnect our district and branch offices through program service centers to the main computers at our headquarters complex in Baltimore, Maryland. These computers will be connected to 22,000 terminals nationwide. The Northeastern Program Service Center serves the northeastern segment of this network.

I am pleased to report to you that through GSA's efforts, the delays in delivering the new building thus far have not caused any major delays in our systems modernization plans for the Northeastern PSC. Last summer, SSA installed high-powered and better-quality systems communications equipment in the space that SSA

currently leases for the Northeastern PSC. We are also now engaged with GSA in an effort to insure that we receive delivery of the terminals for the Northeastern PSC in June and July of 1987 as required in the national contract that the agency awarded in September, 1986.

All these actions could not wait until the completion of the new building, and they will carry the Northeastern PSC through the move period without exposing its present operations and systems processes to any abnormal risks.

While these systems improvements have gone well, we do need the new building and we are hoping for it soon to be completed. We could not wait for the completion to make the improvements to our operations because of the need to release the outdated equipment in the Program Service Center and to insure continued operations while the move to the new building takes place. At the same time we were implementing these changes, we established the Northeastern PSC's detailed move requirements and the very detailed move schedules. We are fully ready to undertake the movement of all personnel and equipment to the new building.

In conclusion, Mr. Chairman, SSA is working very closely with the General Services Administration to move the operation of our Northeastern Program Service Center to the new building in Jamaica as quickly as possible without any disruption in our service to the public. At the same time, we are certain that the steps that we are taking to improve systems in the Northeastern PSC's leased space this summer are entirely consistent with similar installations at other sites nationwide and will enable us to continue our systems improvements and service to the public without any negative impact.

That concludes my statement. I'll be glad to answer any questions.

Senator MOYNIHAN. Thank you very much.

Representative Flake?

Mr. FLAKE. I think the question to you is the same question that we asked Mr. Milder, if they had done any studies, and in your case I think the more appropriate question is whether or not, in fact, there is an anticipation of hiring a number of local people, or will the basic move be those persons who are already employed by Social Security?

Ms. O'CONNELL. We do project that we'll be moving people who are currently employed in the leased locations, including the Northeastern PSC's, the TeleService Center, and the District Office. As you may be aware, the agency is in a down-sizing mode, so I would not anticipate a lot of hiring in the immediate future. Certainly as there is turnover, as people are lost, I would assume that there would be some local hiring, but it's very difficult to predict at this time.

Mr. FLAKE. That 3,500 number, is that a projection for what you will have in terms of staffing when you are fully staffed in this particular facility?

Ms. O'CONNELL. That is not our projection.

Mr. FLAKE. That's not your projection? What is your projection?

Ms. O'CONNELL. We are looking right now at 2,200 to 2,800.

Mr. FLAKE. And what is your anticipated start-up working population?

Ms. O'CONNELL. That's the current working population.

Mr. FLAKE. That's your current working population. Is there a number that you expect to go to from that over time, or is that basically what you think will be the staffing of it and that's the number you will be operating with?

Ms. O'CONNELL. That is the number we have been operating with. I don't have projections of future employment.

Mr. FLAKE. And do you see the possibility of some in- community type training programs that will allow for persons who live within this community to eventually take jobs as attrition and other factors contribute to persons moving out of those jobs?

Ms. O'CONNELL. We certainly try to recruit from local communities, so I would assume we would here. I can't speak to any specifics, however.

Mr. FLAKE. I would encourage that, and I would hope that that could be part of the approach that you would take, one that will allow us to insure that the residents in the community that the building is coming into are represented in some way in terms of employment.

Ms. O'CONNELL. We'll certainly keep that in mind, sir.

Mr. FLAKE. Thank you.

Senator MOYNIHAN. May I say to Ms. O'Connell that I'm Chairman of the Subcommittee on Water Resources, Transportation, and Infrastructure of the Committee on Environment and Public Works, which is what this hearing is about, and I'm also Chairman of the Subcommittee on Finance, so let's hear a little bit more. What is this "down-sizing" you're talking about? I didn't notice that there were fewer Social Security recipients.

Ms. O'CONNELL. I believe that Commissioner Hardy has testified many times on the Hill that the agency is not in a growth mode, that we are really in a very stable working environment right now and do not look to grow, both because of stabilization in the types of work and improvement in our systems.

Senator MOYNIHAN. In no sense am I trying to harass you, but your Administrator never testified before me to that effect.

Are you saying is that you now have what you need for the immediate 10 or 15 years?

Ms. O'CONNELL. I believe so.

Senator MOYNIHAN. Of course, as you get new equipment you don't necessarily need new people; that's a trade-off there.

But you say you're going to have a Regional Training Center in this building?

Ms. O'CONNELL. That's correct.

Senator MOYNIHAN. You have a Regional Training Center. What does your Regional Training Center do?

Ms. O'CONNELL. They will be training our employees in the northeastern area who do claims work, some management training, and a lot of the technical training.

Senator MOYNIHAN. Still, this is going to be a training facility right here?

Ms. O'CONNELL. Right here.

Senator MOYNIHAN. And like most employers I think it is the case, isn't it, that job training is mostly done on the job? But let me say to you with great seriousness, because we respect you, if American business was half as efficient as the Social Security Administration—I mean, God help the Japanese—what is it, you spend about 1.5 percent of your costs on mailing out 35 million checks a month, something like that?

Ms. O'CONNELL. Overall administrative costs are something like that.

Senator MOYNIHAN. The actual administrative costs of the Social Security system come to about 1.5 percent. Would you dare to estimate what an insurance company's administrative costs come to?

Ms. O'CONNELL. I would not dare.

Senator MOYNIHAN. I mean, it was really people of great public spirit that built this system. That's why we're trying to get you a building. If we had put you in charge of building it, I think it would have been up there 3 years ago.

But on this training, could I say to you that the decision to build this facility, as Mr. Milder indicated, was a decision that was very place-specific. We wanted it in Jamaica, and we wanted it in Jamaica for reasons that Representative Flake has referred to, and I want to be very specific with you and ask you if you won't take this into consideration. This is a good part of New York; it is a racially-integrated part of our city; it is religiously integrated; I think you can't throw a baseball without bouncing on the roof of some church or synagogue around here. And it has the grave of Rufus King.

It was my expectation, and is my expectation, that the community itself will benefit from the location of this building in terms of—obviously, the jobs; that $1,500 per worker spills out into employment locally, the local restaurants and shopping and whatever, but we would like to think that the people of Jamaica will find work in this center. Do you find that that normally happens when you move?

Ms. O'CONNELL. Yes.

Senator MOYNIHAN. You find that people like to walk to work or take the bus to work instead of taking the subway into Manhattan.

What can you do for us in this regard in terms of working up a local plan? Could you do that? I'll bet you could, a recruitment plan.

Ms. O'CONNELL. It might be useful if we could try to identify how many employees already are from this area. I think about half of the current employees are from Queens.

Senator MOYNIHAN. Half of them.

What is your turnover?

Ms. O'CONNELL. I didn't come prepared with that answer.

Senator MOYNIHAN. Will you get that for the committee?

Ms. O'CONNELL. Yes, I sure will. (See p. 13.)

Senator MOYNIHAN. And could I ask you, would you go back, Ms. O'Connell, and talk to your associates in management and send word to Ms. Hardy that Mr. Flake and I would be very interested to know whether a place-specific recruiting program might be developed? You've got a Regional Training Center if we ever get a roof over your heads.

Ms. O'CONNELL. We also have a District Office; and you, of course, are familiar with our district offices.

Senator MOYNIHAN. Yes. You help a lot of people who just come in off the streets because they live right here. Why don't I have a hearing in Washington and ask Ms. Hardy to come and talk a little bit about it one of these days, too? And you might come over and join me for a little bit. We'll switch to our Social Security mode. Do that, and leave this hearing knowing that you're managing to put your new equipment into this rented space, even though we're already half a year behind schedule, right?

You who have to make serious decisions, when do you think we're going to get into this building?

Ms. O'CONNELL. Sir, I have a great deal of confidence in Mr. Golden's push to insure that we're in by the end of January, 1988.

Senator MOYNIHAN. By the end of January, 1988?

Ms. O'CONNELL. I asked Mr. Golden. I think he's very determined, and I have a great deal of confidence in that.

Senator MOYNIHAN. And you really are planning on that?

Ms. O'CONNELL. We are planning on that.

Senator MOYNIHAN. Can you get your leases straightened out so that you can stop paying rent?

Ms. O'CONNELL. That's really up to the General Services Administration to handle the leases, and they have assured us that they will.

Senator MOYNIHAN. Well, they assured you that you'd have this building last summer, too.

But, Mr. Golden has come up here and walked the site with us.

And we'll hear from you about the special local recruiting, okay? And we hope you enjoy your building when you get into it. You're going to have some private shops in the arcade, are you not?

Ms. O'CONNELL. I believe so.

[The information requested follows:]

THE COMMISSIONER OF SOCIAL SECURITY
BALTIMORE, MARYLAND 21235

MAY 21 1987

Honorable Daniel P. Moynihan
Chairman, Subcommittee on Water,
Transportation, and Infrastructure
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The purpose of this letter is to provide information you requested during the testimony of Marilyn O'Connell, Director Office of Materiel Resources, before your Subcommittee's March 16, 1987 hearing on construction of the new Social Security Administration (SSA) Northeastern Program Service Center (NEPSC).

You asked for information on the NEPSC employee turnover rates and what recruitment plans SSA has, especially with regard to hiring employees from the local area. NEPSC's employee turnover rate in recent years has varied between 8 percent and 13 percent, depending upon economic conditions. SSA's NEPSC employment policy has been to emphasize the hiring of local residents. On several occasions, NEPSC has advertised locally and conducted tests for technical and clerical positions on its current site.

In recent years, to advertise interest in hiring both summer aides and career employees, NEPSC management have established contact with local Jamaica area high schools and nearby York College. NEPSC staff have actively participated in several "career day" programs held on the York College campus. It has also long been our practice to notify local community organizations when jobs are available. We will continue these recruitment practices in the future as staffing needs warrant.

Sincerely,

Dorcas R. Hardy

Dorcas R. Hardy
Commissioner
of Social Security

Senator MOYNIHAN. Right. We meant this to be a lively place and not just one big computer.

Thank you very much, Ms. O'Connell.

Let's see. Now we're going to hear from William J. Diamond, who is the Regional Administrator of the General Services Administration.

At this point, I want to acknowledge Mr. Joe Goldblum who has delivered a statement from Councilman Spigner, whose district this is. He has to be at City Hall, as I understand it and is unable to be here. I'd like his statement to be put in the record.

Mr. Diamond, we welcome you, and would you introduce your associates, please?

STATEMENT OF WILLIAM J. DIAMOND, REGIONAL ADMINISTRATOR REGION II, GENERAL SERVICES ADMINISTRATION

Mr. DIAMOND. Yes. I thank you, Mr. Chairman. I'm William Diamond, Regional Administrator of Region II of the General Services Administration, and I'm accompanied by, to my left, H. D. Harvell, Assistant Commissioner for Real Property Development from our Washington headquarters, and Walter Huber from the National Capital Region, who was recently assigned to provide project oversight.

Senator MOYNIHAN. Mr. Harvell, we welcome you. Mr. Huber, we welcome you, sir. Are you both up from Washington?

Mr. HARVELL. Yes, sir.

Mr. HUBER. Yes, we are.

Senator MOYNIHAN. Well, you're a welcome sight.

Mr. DIAMOND. I would like to say personally, Senator Moynihan and Representative Flake, that GSA shares your deep concern with the delays of this very important project, and we do welcome the opportunity today to provide a comprehensive statement as to your concerns in this matter.

The General Services Administration also would like to express its deep appreciation to you, Senator Moynihan, for your strong support on the Jamaica project, for without your efforts in obtaining the necessary financing, this building project would never be a reality.

The project, however, is—as you know—significantly behind schedule; and as a result, some problems have been caused for our client agency, the Social Security Administration. But as you have heard from SSA, these problems have been worked out so that they will not impinge in any way on the delivery of SSA services to its customers.

The responsibility for this delay in the project must be assumed by all parties, including GSA and the contractor. In order to avoid any loss of continuity to the SSA computer system, efforts are underway to accommodate computer needs at their current locations. We will install electrical outlets and signal cable wiring at the Lefrak City and College Point locations of SSA. This work will be completed in time to meet present SSA plans for bringing its nationwide new computer system on line.

The General Services Administration has had problems with the Jamaica project from the very beginning because the procedures

used to select the contractor did not provide for adequate consideration of factors other than price. We procured the construction of this building using the formally advertised lowest bid method. Under this advertised method, adequate consideration was not given to factors other than price which are critical ingredients in successful building construction. On all future GSA construction projects, these other factors will be of increased importance in the contractor selection process and should help avoid situations like the one we now face. This new approach must be used if GSA is to provide the taxpayer with the best overall value.

The original completion of the building was August 2, 1986. The construction began on October 18, 1983; however, due to serious questions raised by the New York Transit Authority concerning the Archer Avenue foundation as it relates to its subway system, a Stop Work Order had to be issued when construction had just started. The foundation wall was redesigned and a change order issued to the contractor to perform additional shoring and to increase the strength of the foundation wall. The contractor was delayed 299 days, and as a result, the construction completion date was revised to May 28, 1987.

We believe that the position taken by the Transit Authority was unreasonable. It forced us to perform additional structural work above and beyond that which was technically required. We, however, agreed to perform the extra work to avoid the further delay that might have resulted from litigation which was then threatened by the Transit Authority.

This design revision is under review by the Department of Justice to determine Transit Authority responsibility. We are also exploring responsibility on the part of the architect/engineer design firm regarding the foundation problem.

The foundation work was completed in December, 1984, and the project was in line with the revised schedule at that time. In fact, the contractor completed the steel erection ahead of the revised schedule. The concreting of the floors also was completed on time under the revised schedule.

At this point the contractor should have begun the next critical activity, which was masonry work. According to the revised schedule, exterior work was to begin January 3, 1986; however, the contractor did not begin the brickwork until May 30, 1986. This delay of five months has not been satisfactorily explained by the contractor.

Moreover, once the brickwork did get underway, the contractor experienced difficulty in recruiting an adequate number of masons to achieve his scheduled five-month installation. This delay caused the project as a whole to progressively deteriorate.

The contractor claimed that he was unable to hire masons for this project as a result of significant increase of construction activity in the New York area. Its claim was that this condition did not exist when the project was bid and that the foundation delay forced its operations into this manpower shortage period. Its claim of a masonry manpower shortage is being considered and investigated.

The contractor has submitted an $18 million claim for increased costs associated with the foundation changes and delays. In addition, the contractor has alleged a cost exposure to the Government

of $5.5 million for extended overhead for the period May 28, 1987 to December 31, 1987, and has also alleged that the period after December 31, 1987 could result in a further exposure of $5 million to $7 million to complete the project. The Government does not concur with these demands, and there are severe pricing disputes in regard to the submitted claims.

The status of the project as of this date is as follows.

Construction is 64 percent complete.

The majority of the brickwork is now in place on the exterior of the building and ready for the installation of windows.

The first truckload of window parts arrived at the job site on February 27, 1987.

Significant masonry has been installed in the core areas of the building, such as stairs, elevator shafts, and mechanical rooms.

Temporary roofing has been installed on the penthouse and louvers have been installed to allow the installation of penthouse electrical and mechanical systems. All major equipment, such as boilers, chillers and cooling towers, have been set in place.

Metal studs for drywall are being installed.

Sprinkler piping, plumbing, ductwork and fire standpiping are progressing to the upper floors of the building.

The utility company is installing conduit in the street for the building incoming electrical service. Start-up of permanent power must be achieved within the next two months in order not to delay the elevator installation.

The contractor and its subcontractors have an inadequate workforce on site. The project is averaging approximately 160 workers but should have at least 300 to meet schedule requirements.

There are a number of major factors which are responsible for delaying this project.

Number one, foundation changes due to Transit Authority requirements; change orders and design requirements to accommodate occupant agency needs; delays in installation of the permanent electrical power by Con Edison; the late start of brickwork and subsequent delayed start of the window installations which enclose the building; ineffective management and supervision of subcontractors, with poor overall coordination of the trades; severe understaffing by subcontractors; disputes between the general contractor and its subcontractors have resulted in manpower being removed from the building; schedules have not been followed, and some shop drawings have not been submitted in a timely fashion, thus delaying the work.

There have also been numerous instances of items of work being improperly—improperly—installed. Many letters have been written to the contractor concerning these items, but correction has been slow. Correction of these items has caused further delays to the project.

The contractor and his subcontractors have also refused to perform some of the change order work directed by the Government in a timely manner, thus causing delays to associated work activities.

Finally, there has been considerable discussion and debate concerning alleged untimely payments. This problem has been caused to a great degree by insufficient data being made available by the contractor to the Government to support its change order costs and

claims. Required Government audits have been delayed, thus causing protracted and difficult negotiations. These factors, in turn, delayed the payment process. Since last November, major initiatives have been undertaken by the Government to increase cash flow to the contractor. No increase in production or manpower staffing, however, has resulted from this cash flow increase, in spite of commitments from the contractor to do so.

As a result of Administrator Terence Golden's visit to the job site in October, 1986, and his deep concern over the lengthy duration of the construction as of that date, with construction only 50 percent completed at that time, the following additional management actions were taken.

One, a joint Central Office/National Capital Region project oversight team was established. This oversight team visited the job site in November, 1986, for an in-depth review of the project's execution with particular emphasis on contract administration and scheduling. The team issued a report and its recommendations were endorsed by the Administrator and adopted by the New York Region.

B, a biweekly reporting system to Washington Headquarters was established to document progress and keep the oversight team informed.

C, frequent follow-up visits by the oversight team from Washington are being conducted as well as visits to the job site by top managers from Washington Headquarters and the New York Region. I personally walk this building every week from top to bottom.

D, a series of recently-requested changes has been cancelled——

Senator MOYNIHAN. Could I interrupt?

Mr. DIAMOND. Yes, sir.

Senator MOYNIHAN. When did you begin walking this site personally from top to bottom, once a week?

Mr. DIAMOND. I would say over the last four months, sir.

Senator MOYNIHAN. You mean after Mr. Golden arrived?

Mr. DIAMOND. A little before and a lot after.

Senator MOYNIHAN. A lot after?

Mr. DIAMOND. Yes, sir.

Senator MOYNIHAN. Thank you.

Mr. DIAMOND. This work will be performed by separate contract in order to avoid additional delay and complications to the existing contract. This additional work consists of the installation of point-to-point computer terminal wiring, additional electrical receptacles, an uninterruptible power source system, tenant partition changes, and construction of a health unit.

We have authorized overtime for GSA job site staff to expedite change order and claim, estimating and documentation.

Personnel—a full-time project manager was appointed to the project.

We have augmented the GSA job site staff by adding additional site management personnel. In addition, there are eight inspectors on site full-time from the architect-engineering firm to support GSA's management efforts.

We have improved progress and change order payments to the contractor through special arrangements to make expedited progress payments after receipt of the contractor's monthly in-

voices. In addition, semimonthly payments are also being made for all overtime work and temporary heat and enclosure costs.

We have authorized payment for temporary winter heat and winter protection enclosures.

We have expedited the project by authorizing premium pay for bricklayers and overtime for all major trades affected by the brick installation delays.

In spite of these initiatives, the project remains substantially behind schedule. As of today, the project is experiencing additional delays that will extend the completion date beyond May 28, 1987.

Based on our analysis, we have determined that the extended contract completion date is now January 30, 1988. Of the eight months' extension from May 28, 1987 to January 30, 1988, approximately two and a half months appear to be the responsibility of the Government and the remaining five and a half months appear to be concurrent, with the Government and the contractor sharing responsibility.

As we have stated, GSA has established an extended contract completion date of January 30, 1988. The actual completion date is, of course, controlled by the general contractor. We believe that with a sufficient increase of resources and effective management of the entire project by the contractor, the building can be completed by the extended contract completion date.

We must, however, quickly point out that when the present contract is completed, we will not have a fully operational building to meet the basic needs of SSA. We will have to award a separate contract for the point-to-point wiring of the computer system. This contract will be awarded with the intent of having the installation of the wiring start as soon as Terminal Construction Company substantially completes its contract. Based on our current estimates, this wiring should take approximately three months to complete; therefore, SSA can start its move into the new building 90 days after Terminal completes its contract.

As previously stated, there is additional work that is required by SSA that we plan to complete after SSA occupies the building. However, SSA has informed us that this will not impose any operational constraints in accomplishing its mission.

The funds originally appropriated by Congress are sufficient to complete this project.

In conclusion, Mr. Chairman, both GSA and SSA have and will take all necessary steps to insure that there is no disruption of service to the public. GSA recognizes its responsibility for a portion of the delay and the management problems it has encountered. We will expedite work required at the Lefrak City and College Point locations. These locations will stay operational until the Jamaica building can be put into service and all systems checked out.

We also are making every effort to get the Jamaica project on track and completed. However, because of the contractor's reluctance or inability to expedite the work, we may not, in spite of our best efforts, succeed in achieving timely completion. We believe that the building completion rests in the hands of the contractor, and that an aggressive approach by Terminal Construction Company can result in the contract being completed by January 30, 1988,

and SSA can complete its move into the Joseph P. Addabbo Building by May, 1988.

In the future—and I think we have learned from this project—GSA intends to shift from fully designed specifications to "design-build" projects for new construction and for the purchase of existing buildings wherever feasible. This approach will help to contain costs because it provides greater opportunity to take advantage of private sector experience and market conditions. Further, in selecting contractors, quality ranking factors, including technical competency and approach, past performance, and financial capability will be given considerable weight to provide a better value to the taxpayer. Even in future procurements where there are fully designed specifications, greater emphasis will be placed on these factors.

This concludes my formal statement and I will be happy to answer any questions.

Senator MOYNIHAN. Thank you, Mr. Diamond.

My first question, just out of curiosity, I have here a printed invitation; it says R.S.V.P., which I think is French for "write back to you," and it has your name and your telephone number, and it says that it cordially invites you on Tuesday, October 28th, 1986, at 9:00 a.m., to celebrate the naming of the U.S. Social Security Administration's Northeastern Program Service Center in honor of former Congressman, our dear friend, Joseph P. Addabbo.

What were you celebrating on that week before the election?

Mr. DIAMOND. The naming of the building, sir. As a matter of fact, in San Juan we just named a building that had been up for quite a while.

Senator MOYNIHAN. Wouldn't you have thought it useful to build the building before you named it?

Mr. DIAMOND. Yes, sir, but we——

Senator MOYNIHAN. There was an election coming, wasn't there?

Mr. DIAMOND. Sir, there was an Act of Congress.

Senator MOYNIHAN. I happen to know that, my dear friend. I carried the bill through the United States Senate.

Mr. DIAMOND. Yes, sir.

Senator MOYNIHAN. I find that curious.

Mr. Harvell and Mr. Huber, does this testimony of Mr. Diamond's generally accord with your understanding of the situation?

Mr. HUBER. Yes, it does, Mr. Chairman.

Senator MOYNIHAN. I take it you want to change your contracting methods in some measure. It says here that "the funds originally appropriated by Congress are sufficient to complete the project." Yet the GAO says that because of the way you're running behind, if you get in by May, 1988 you'll spend another $15 million rent. And if you don't get in until September, it will be $18 million rent. How much of that rent goes to the Lefrak organization?

Mr. DIAMOND. A percentage of that, sir. I presume, based on the number of square feet that they have, Social Security is in approximately two-thirds of that space.

Senator MOYNIHAN. So the Lefrak organization will pick up $10 million because of the way this thing has been mismanaged?

Mr. DIAMOND. I am not quarreling with GAO, sir.

Senator MOYNIHAN. Sir?

Mr. DIAMOND. I cannot quarrel with GAO.

Senator MOYNIHAN. You cannot quarrel with them.

Mr. Harvell? Mr. Huber?

Mr. HARVELL. No, sir, we cannot.

Senator MOYNIHAN. It's a lot of money.

Mr. DIAMOND. Yes, sir.

Senator MOYNIHAN. I mean, this is a $92 million building, and yet just the extra rent is going to be $15 million. Do you count that $15 million in the $92 million?

Mr. DIAMOND. No, sir. That is not part—the $92 million is the project cost as originally approved.

Senator MOYNIHAN. So the statement that "the funds originally appropriated by Congress are sufficient to complete the project" is with respect to the building, but not——

Mr. DIAMOND. Any additional lease costs would have to come from other funding sources, yes, sir.

Senator MOYNIHAN. Which is also appropriated?

Mr. DIAMOND. That's correct, sir.

Mr. FLAKE. Let me ask another germane question. The question here is that you are wiring up at Lefrak and College Point to meet Social Security needs. What kind of dollars are you talking about, and how does that fit into the framework of either the $92 million or the $15 million in rental?

Mr. DIAMOND. It's approximately $250,000.

Mr. FLAKE. That's an additional $250,000. And when that wiring is completed and we move out of the building, then that is left with the building we move from?

Mr. DIAMOND. Yes. The wiring is, yes. The computers may be moved.

Mr. FLAKE. The computers will be moved. The wiring that we're doing now to temporarily house Social Security will remain with the owner—with the landlord there?

Mr. DIAMOND. It does stay in the building.

Senator MOYNIHAN. Well, how much does the Lefrak organization stand to gain because we are two years behind schedule?

Mr. DIAMOND. Sir, I would not want to speak on behalf of the Lefrak organization.

Senator MOYNIHAN. I don't suspect that you do.

Let's see. I think, Mr. Harvell, you can find out and give us an estimate on that.

Mr. HARVELL. Yes, sir. We'd be glad to provide that for the record.

[Information requested follows:]

General Services Administration
Washington, DC 20405

March 19, 1987

Dear Mr. Chairman:

Enclosed you will find our response, for the record, to the question you raised at the Subcommittee's March 16 hearing regarding continued lease payment for agencies planned to move into the Joseph P. Addabbo Federal Building in Jamaica, Queens.

We will brief the staff as to the result of our continued meetings with Terminal Construction Company. Hopefully we can all work together to get this project completed at the earliest possible date.

Sincerely,

Harold H. Griffin
Associate Administrator
for Congressional Affairs

The Honorable
Daniel P. Moynihan
Chairman, Subcommittee on
Water Resources, Transportation
and Infrastructure
Committee on Environment
and Public Works
United States Senate
Washington, DC 20510

Enclosure

JOSEPH P. ADDABBO FEDERAL BUILDING
JAMAICA, QUEENS

Current housing assignments to be vacated upon completion of the Addabbo Federal Building:

Building	Square Feet	Monthly Rental Rate
Horace Harding*	216,113	$178,461
One LaFrak Plaza* (2 separate leases	277,911	$320,998
lease 1 -	221,337	$249,306
lease 2 -	56,574	$ 71,692)
130-30 31st Ave.	61,327	$ 86,972
90-17 Sutphin Blvd.	11,830	$ 11,566
56-02 Roosevelt Ave.	7,500 (storage)	$ 2,188
161-01 Jamaica Ave.	26,204	$ 29,480
Totals:	600,885	$629,665

6 locations
7 leases
annual cost - $7,555,980

* These leases are paid to LSS Leasing Corporation, which is owned by the LaFrak family. The total for these two buildings are:

494,024 sq. ft. @
$499,459/month or
$5,993,508/annum

Additionally, approximately $250,000 worth of SSA owned computer wiring is being installed in the two LaFrak locations; however, this wiring is being laid in the existing dropped ceiling and will therefore be pulled out and moved when the SSA is relocated to the Addabbo Federal Building. We would expect to pay only a negligible restoration charge to LaFrak for this work.

Based on the original construction completion date of August 1986 and GSA's current estimated completion date of January 1988, GSA will incur additional lease costs of $10,074,640. Further costs include an additional $537,000 for extension of the architect's construction supervision contract and $200,000 for in-house GSA contract administration and supervision.

Again, based on the original construction completion date of August 1986 and Terminal Construction Company's (TCC) current estimated completion date of October 1988, GSA will incur additional lease costs of $16,371,290. Further costs include an additional $1,632,000 for extension of the architect's construction supervision contract and $320,000 for in-house GSA contract administration and supervision.

The total value of lease payments and administration/supervision cost for the time difference between the GSA completion date and the TCC completion date is $7,510,650.

Senator MOYNIHAN. Let me ask you just a couple of things now. Am I right, Mr. Huber, that you've come up to take over responsibility for this job?

Mr. HUBER. No, sir, that's not correct.

Senator MOYNIHAN. Tell me what is correct.

Mr. HUBER. I am Director of the National Capital Region Design and Construction Division, and I was asked by Mr. Golden to come up and give him an opinion of the project, the reason for the delays, and make recommendations on what could be done to expedite the job. He's asked me to make periodic trips and stay for oversight—I'm chairman of the oversight team, so I'm here to give advice.

Senator MOYNIHAN. What advice do you give this committee, sir?

Mr. HUBER. Well, as Mr. Diamond has said, the job is in serious trouble. The project is way behind schedule. There are some very basic reasons for that. The performance on the job—mostly right now, the problems have all been identified. The biggest single problem on the job right now is the lack of manpower.

Senator MOYNIHAN. Well, can I ask you about that? I was struck by the statement that the project is averaging 160 workers but should have at least 300 workers to meet schedule requirements. Are there no persons to be found in Jamaica who could use a day's work?

Mr. HUBER. Well, it's a series of problems. Any project, depending upon its size and complexity, has a basic work force which should be there to be able to accomplish the project in its scheduled period of time. You can't spend the money required to build the building unless you have manpower to pay and equipment to pay for.

What's happened here is that there have been a great many disputes about the claims, the original claims. There have been subcontractors who have refused to come to the job. There are other subcontractors who have gotten into dispute with the general contractor——

Senator MOYNIHAN. What subcontractor refused to come to the job?

Mr. HUBER. Well, right now, for instance, the Otis Elevator Company has walked off the job and is not presently at——

Mr. FLAKE. What do they do?

Mr. HUBER. They put the elevators in.

Mr. FLAKE. The elevators?

Mr. HUBER. Yes.

Senator MOYNIHAN. And they expect to get more work from the United States Government?

Mr. HUBER. Well——

Senator MOYNIHAN. Why have they walked off the job?

Mr. HUBER. Well, they have walked off the job because they're in dispute with the site conditions, the status of the work at the site, possibly payments from the contractor—I'm not sure about that. For instance, there are some masonry items, there were some steel items, there were things that were delaying them from doing their job. And rather than stay on the job and waste their money they just went off to another job and said, when you're ready for me, I'll come back. And there has been a series of problems like that.

Some of it is just simply a case of not having crew sizes that are required to do the work. We walked the building this morning, and I've been coming up here since last November, and there's been no increase in manpower; in fact, we got as high as 200-some people, about 214, and right now they're average about 160. In my opinion the job should have 300 minimum, possibly 350. I think you have to realize this is wintertime. I told Mr. Golden, and I will tell the committee, that I would not expect miracles in January or February of any year. I would expect miracles in April, May, June and July. So the job should really pick up now that the weather is breaking, and I would like to see 300 minimum, 350 probably.

Now, you can't put too many men on the job because when they fall over each other, then they're not productive. But this size project should have at least 300 men in order to be productive and in order to do the quantity of work that needs to be done to achieve cash flow to get the schedule completed. And that right now, in the Government's opinion, is totally within the hands of the contractor.

Now, there were some major changes contemplated which could delay the project. They've been cancelled; we're not going to do those with this contractor. So we believe he has all the information that he needs to proceed.

Mr. FLAKE. Does your payment schedule assume that, basically, that work is done, and then you pay a certain percentage on the basis of his submissions?

Mr. HUBER. The normal process is to make progress payments every 30 days based on the work completed to that time, yes, sir.

Mr. FLAKE. So could it be an issue of cash flow on the part of the contractor in terms of just trying to provide the funds to assure that the manpower is there?

Mr. HUBER. Well, I think the Government has gone to great lengths to try to increase cash flow to this contractor in the last four months. I think right now he's getting paid quicker than any contractor in the country. He gets paid for work performed; if he doesn't have the manpower on the job, he's not doing any work, and therefore his cash flow is decreased, but then there's no work to pay for. So you have 300 men, you do 300 men's worth of work. If he's got 160, he only does 160 men's worth of work. That's half as much as what should be done.

Mr. FLAKE. You indicated that there has been an upscale in relationship to overtime and premium pay while at the same time there is a limited work force. Are we assuming now that the people who are working overtime are in fact being paid double time or some measurable, quantifiable degree above what they would ordinarily make, and that in fact is costing more than it would cost to bring the number of people necessary to complete the job?

Mr. HUBER. Well, let me explain that. There are specific trades where overtime is being paid for where trades are on the critical list, like the bricklayer. It's not being paid to everybody on site. It's being paid to those items which are interfering with the progress of the job. We've worked the bricklayer on Saturday, for instance. We pay the overtime portion only; we don't pay for the part that he does under his contract. We pick up the premium and we did that to try to get through this winter because they're working in the wintertime, and we felt it was important to get the job done, so it

was what the Government felt was its side of the responsibility. As we said, there's some shared responsibility here for some of the delay, so we felt we would pay those things that were on the critical path, the items that will determine whether this job gets done on time.

There are many concurrent activities that can be done that are just not being worked on at all.

Mr. FLAKE. Wouldn't you consider it a bit strange that you could complete a major brick job on an institution like the college and come right across the track, and can't find enough bricklayers to do a job on a building which is within walking distance?

Mr. HUBER. That is rather strange.

Senator MOYNIHAN. Well, don't stop there, Mr. Huber.

I hate to stop there, but the situation that we found was that the contractor needed a work force of approximately—in our opinion—50 to 55 bricklayers. He was working a work force of 15 to 20 bricklayers. I think the maximum amount he ever go to was 44, and that was prior to Christmas. After Christmas, the work forces drop down drastically from that. The brickwork has moved off of, in our opinion, the critical path. It's no longer the guiding factor. There is other brickwork to be done, but something else now is controlling the completion of the project.

Mr. FLAKE. And what is that?

Mr. HUBER. Well, many other factors. Getting the windows installed, for one, so that the building gets closed in, and they just started installing windows about a week and a half ago. They only have a few windows installed, and they have to put windows in the entire building. So that's a key factor. Much of the electrical and mechanical work has to be done. There are probably 20 trades on the project, and there should be people on the project from every trade. There are many places in the building to work; you walk around and there's just nothing going on. You know, you find three or four people here and three or four people over there, and nobody seems to be in a hurry to go anywhere. And that's simply management supervision and scheduling, and that's out of GSA's control once we eliminate the delays. If we want a major change and we stop him from performing, like what happened with the foundation, that's a legitimate claim against the Government; but once that issue has been resolved, it's up to the contractor to move out and try to finish the job. That's not happening here.

Mr. FLAKE. One final question for Mr. Diamond. When you come once a week to inspect the job, give some detail in terms of just what you do. Do you go back then and write a report? Do you jump on the contractor?

Mr. DIAMOND. I make it a rule to go through the building from top to bottom. And very often, I must tell you, I do not find anywhere near 150 or 160 people. That's worrying me in addition.

When I have finished my tour I go right to the office of the contractor on the site, on the second floor, and tell them exactly what I've seen. This is repetitious, ad nauseum; I have not seen enough people. I have seen dirt and filth. I have not seen hallways lit. This goes on and on. And I'm not the only one doing it; we also have meetings every week in my office and we go over the whole project

as to where it stands, and of course, we provide the reports biweekly to Mr. Huber.

So we feel we are doing everything we possibly can at this moment, but we are not building this building.

Mr. FLAKE. Are your meetings generally with the prime principal in the contracting agency, or those who are subordinate?

Mr. DIAMOND. I have spoken a good number of times to Mr. Dinallo, who is here today, who is the president of the prime contractor, and conveyed to him my dismay and problems with the job, and I also speak to his project manager on the site. So there is actual close, day-to-day follow-up.

Senator MOYNIHAN. Well, I'm glad to hear that. And I cannot fail, Mr. Diamond, to note that the concern about this project's difficulties correlate precisely with my return as chairman of this subcommittee. And I don't like it.

Mr. Huber, we are very pleased that you are here; and Mr. Harvell, you are very thoughtful to come up, sir. Mr. Golden and I are going to have some hearings about the ways in which contracts were awarded, isn't that right?

Mr. DIAMOND. That's right.

Mr. HUBER. Yes, sir.

Senator MOYNIHAN. Tell me what you think, because we're interested.

Mr. HARVELL. We have been experiencing troubles off and on in the process of the way our contracting program works, as has been indicated by the testimony here. We are not able to fully evaluate all of the many factors that go to make a good situation. The Government process, as you know, has historically been based on low price in many cases. We feel now that under the new Competition in Contracting Act and some other things that have occurred more recently that we have some means now to overhaul and streamline our process, and we have a task force working right now that began last December in Washington to deal with this issue and to come up with some new procedures.

Senator MOYNIHAN. Is that in the general context of the Brooks Act?

Mr. HARVELL. No, sir, this is entirely separate from the Brooks Act. The Brooks Act applies primarily to the selection of architects and engineers.

Senator MOYNIHAN. Construction contracts?

Mr. HARVELL. Yes, we're talking construction.

Mr. FLAKE. But the principle is not different?

Mr. HARVELL. No, sir.

Senator MOYNIHAN. You find somebody you like, find a couple that you like, and then let them bid against each other.

Mr. HARVELL. The idea that we're exploring right now is similar to the one you allude to under the Brooks procedure where we would have a qualifying round, maybe a two-step process, where we would evaluate technical and professional competency and capability, and then deal with price as a second step, narrowing the field down to a group of what we would consider to be very highly-qualified contractors.

Senator MOYNIHAN. My colleague and friend, John Glenn, describes the thoughts that went through his mind when he was sit-

ting on the tip of that rocket 25 years ago, thinking that it was built by the low-cost bidder.

Mr. HARVELL. Yes. It's frightening sometimes.

Senator MOYNIHAN. Mr. Diamond, Mr. Harvell, Mr. Huber, we thank you.

Mr. Huber, you won't hesitate to let me know if this thing isn't going right, all right? Nobody told me it was not going right. It was going badly and I did not know, and that's because perhaps it wasn't thought to be any of my business. It is my business. I saw to it that this building was approved. I want to see it built. I want to see it part of Jamaica.

And now we want to talk to our contractor to find why he finds it so difficult to find people to work in this project.

Thank you, gentlemen, very much.

Mr. DIAMOND. Thank you, Mr. Chairman.

Mr. HUBER. Thank you, Mr. Chairman.

Senator MOYNIHAN. Our next and last witness is Mr. Anthony Dinallo.

We have Mr. Dinallo to our right; and Mr. Weiss, you're the chief engineer, as I understand. Mr. Weiss, you're in the middle?

Mr. WEISS. Yes, sir.

Senator MOYNIHAN. There remains the question of the gentleman on our left.

Mr. DINALLO. This is Mr. Jerome Reese, our construction attorney.

Senator MOYNIHAN. How do you do, Mr. Reese, and welcome, Mr. Dinallo, Mr. Weiss, Mr. Reese.

Could I ask, who wishes to testify at this point?

Mr. WEISS. I will make the statement for Terminal, Senator.

STATEMENT OF NORMAN WEISS, CHIEF ENGINEER, TERMINAL CONSTRUCTION CORP.

Mr. WEISS. I'd like to introduce Terminal to you gentlemen. Terminal is a company that was founded by returning veterans after World War II in 1945. It has engaged in constructing many public works as well as private projects successfully.

Just as a brief introduction to that work might be of interest to you gentlemen: we completed major update of the Tallman's Island Water Pollution Control Plant, which is located in this borough; we completed successfully the Nurses' Residence at Jacobi Hospital in the Bronx; the North River Water Pollution Control Plant, on which incidently we have just received the Award of Excellence for the Concrete from the Portland Cement Association—we were one of four contractors on that——

Senator MOYNIHAN. The North River?

Mr. WEISS. Yes, along the Westside Highway.

Senator MOYNIHAN. Sir, not to interrupt you, because this is not in any way an adversarial arrangement, but the North River plant is 11 years behind schedule and $900 million over budget.

Mr. WEISS. No, not for that, Senator. Not for that sum of money. Our contract was rather recently awarded and was finished on time in accordance with the Federal consent date for its start of operation. We were helpful in achieving that completion in time.

We are presently working on the Red Hook Water Pollution Control Plant, constructing the main building there, which is scheduled for completion during this year. We have completed successfully the major work known as the "Brendan Byrne Meadowlands Arena", which is the site of many sports activities; the "Richard J. Hughes Justice Complex" in Trenton, which houses the Supreme Court of the State of New Jersey, as well as its Tax Court, and the offices of the Attorney General of the State of New Jersey; we successfully completed construction of the 500-bed teaching hospital at the College of Medicine and Dentistry in Newark, New Jersey.

We take pride in those successful projects, and we will pick up our testimony after this brief introduction:

One, bid result—Terminal was awarded the contract at $60,445,000. Terminal was the lowest responsible, responsive bidder based on voluminous drawings and specifications. The contract number is GS-02P-23256. The project start date was October 17th, 1983. The original completion date was August 2, 1986.

The Archer Avenue Foundation Redesign change orders issued in early and mid-1984 caused a 299 day delay. Certain other change orders, delays, and disruptions were concurrent within the 299 days.

A time extension to May 28, 1987 was issued to May 7, 1985 based upon the impact of the Archer Avenue redesign and other proceed notices as of that date.

As a result of the delay and disruption caused by the change orders included in the 299-day time extension, substantial impact damages have been, and continue to be, incurred. Audits that began in 1984 are continuing. To date, no meaningful payments have been made to Terminal for these damages.

The GSA continued to issue change orders beyond the 299-day extended period—see item 13, which we'll come to.

A CPM analysis of the——

Senator MOYNIHAN. Could I ask what CPM means?

Mr. WEISS. Oh, that's an "alphabet soup" description of a computerized method of evaluating progress, and also to determine a schedule. It is here on the table, and I can go over it with you, Senator.

Senator MOYNIHAN. I just want to know what CPM means.

Mr. WEISS. It's the Critical Path Method of scheduling. It's one of two popular computer scheduling methods. The other is "PERT," which was developed by the Navy program for the development of submarine ballistic missiles; and at the same time—I don't know if IBM or some programmer conceived the name, but CPM is an abbreviation of Critical Path Method (of scheduling).

Such a schedule of the major changes in the summer of 1986 showed the projected impact completion date of late 1988.

In November, 1986, the GSA called upon Terminal to implement an acceleration program with the goal of completion by December 31, 1987. Terminal proposed an overall acceleration effort. The GSA implemented only part of Terminal's proposal. The combination of partial acceleration, severe winter weather, and continued change activity by the GSA has affected the acceleration effort.

In February, 1987, the GSA met again with TCC to discuss acceleration towards December 31, 1987, taking into consideration

weather impacts suffered in December and January. Terminal again submitted a general acceleration plan. The GSA has not implemented Terminal's proposal to date.

As a result of the acceleration efforts, notwithstanding additional change orders, the current CPM projects completion by October 10, 1988, with critical path being determined by change order work.

As of February 6, 1987, 93 change orders have been issued by the GSA; 81 requests for proposals have been submitted by Terminal, still awaiting written instruction by GSA. Approximately 200 "extra" work items remain to be processed. All of these changes continue to have an impact on the completion date of the project.

On February 27, 1987—last month—the GSA extended the official completion date to January 30th, 1988. We have taken exception to this extension as underestimating the effects of the change orders. A meeting on this topic is scheduled for this week, March 19th, with GSA to discuss this matter.

In closing, Senator, I want you to know that any delay such as the one we face here is an anathema to a contractor and his subcontractors. It carries heavy cost financial burdens. That's obvious on its face. The amount of effort being expended by the contractor in producing this project, being extrapolated over a period of considerable additional length, has to be a tremendous financial burden to us and to every subcontractor we have engaged.

We certainly want to work with the owner agency, the GSA, to reduce to the lowest possible time interval the remaining activities involved in constructing this project.

[An attachment to Mr. Weiss' statement follows:]

Terminal
Construction Corporation

March 16, 1987

FEDERAL BUILDING

QUEENS, NEW YORK

1. Bid Result: TCC $60,445,000; TCC was lowest responsible responsive bidder based upon voluminous drawings and specifications.

2. GSA Contract #GS-02P-23256

3. Project Start Date: 10/17/83

4. Original Completion Date: 8/2/86

5. The Archer Ave. Foundation Redesign change orders issued in early and mid 1984 caused a 299 day delay. Certain other change order delays and disruptions were concurrent within the 299 days.

6. A Time Extension to 5/28/87 was issued on May 7, 1985 based upon the impact of the Archer Avenue redesign and other proceed notices (as of that date).

7. As a result of the delay and disruption caused by the change orders included in the 299 day time extension, substantial impact damages have been, and continue to be incurred. Audits began in 1984 and are continuing. To date, no meaningful payments have been made to Terminal for these damages.

8. The GSA continued to issue change orders beyond the 299 day extended period. (See item 13 below).

9. A CPM analysis of the major changes in the summer of 1986 showed a projected impacted completion date of late 1988.

10. In November, 1986, the GSA called upon TCC to implement an acceleration program with the goal of completion by 12-31-87. TCC proposed an overall accelerated effort. The GSA implemented only part of TCC's proposal. The combination of partial acceleration, winter weather and continued change activity by the GSA has affected the acceleration effort.

11. In February, 1987, the GSA met again with TCC to discuss acceleration towards 12-31-87 taking into consideration weather impacts suffered in December and January. TCC again submitted a general acceleration plan. The GSA has not implemented TCC's proposal to date.

12. As a result of acceleration efforts, notwithstanding additional changes, the current CPM schedule projects completion by October 10th, 1988 with the critical path being determined by change order work.

13. As of 2/6/87:

a) ninety-three (93) change orders have been issued by GSA.

b) eighty-one (81) requests for proposals have been submitted by Terminal, awaiting written instruction of GSA.

c) approximately two hundred (200) "extra" work items remain to be processed.

All these changes continue to have an impact upon the completion date of the project.

14. On 2/27/87, the GSA extended the official completion date to 1/30/88. TCC has taken exception to this extension as under-estimating the affects of the change orders. A meeting is scheduled for 3/19/87 with the GSA to discuss this matter.

Senator MOYNIHAN. Thank you.

Mr. DINALLO. The only thing I want to say is that we were the General Contractor on the Federal Office Building in Newark, New Jersey—the "Peter Rodino Building;" so we did work for this agency before.

Senator MOYNIHAN. Sir, did you want to say something?

Mr. REISS. Yes, sir.

I should like to indicate to the committee that I do not believe that the committee has received a full and total picture of the situation which exists here in Jamaica.

To give you some background, if I may for the moment.

Senator MOYNIHAN. Please.

Mr. REISS. I've been a specialist in the construction field, representing contractors, agencies, and so forth since 1954. I today represent the Convention Center here in New York City; I represent the Statute of Liberty-Ellis Island Foundation; I represent the Metropolitan Museum of Art; I represent Donald Trump and many of the major developers in the city of New York. I represent many of the general contractors and subcontractors, and have represented design professionals.

When the GSA indicates to you two gentlemen that there is something wrong with its procedure with regard to obtaining a contractor and makes reference to the lowest price, it fails to indicate that lowest price is only one criteria which is used. Additional criteria must necessarily be the responsibility of a contractor, and the responsibility of a contractor includes its track records. If it is incapable of handling a particular project, it may not be given a job; and it is incumbent upon the agency to make a determination beforehand as to whether or not a contractor is capable of doing a particular job or not.

In the present situation what we have here—and these are facts which are undisputed—is that you started with a foundation design deficiency. You might both ask yourselves why the foundation was incorrect in the first instance. And it is true that there is a reference made to the Transit Authority; however, you might ask yourself why someone did not check with the Transit Authority beforehand.

In addition, Senator, you made reference to the Brooks Act. The Brooks Act is something entirely different from the requirements of obtaining a contractor. With respect to the Brooks Act, you go out and you select an architect. You select a particular group of architects. Now, if that group—which is selected not as a matter of lowest price, nor a matter, necessarily, of responsibility, but is merley a selective process. If the one selected makes mistakes with regard to a particular project, who pays for it? The contractor pays for it and its subcontractors because the longer a contractor is on any particular job, he must suffer losses. His field office expenses are increased.

Senator MOYNIHAN. Mr. Reiss, you're not trying to get into an argument with this committee, are you?

Mr. REISS. No, sir. I'm trying to provide information.

Senator MOYNIHAN. May I ask, are you an independent consultant?

Mr. REISS. I am an attorney.

Senator MOYNIHAN. You are an attorney?

Mr. REISS. Yes.

Senator MOYNIHAN. I thought you might be an attorney.

Thank you, Mr. Reiss.

Mr. FLAKE. The first question I have is, there seems to be a dichotomy in relationship to proposed completion dates. By your testimony it would seem that the GSA completion date of January 30th is artificial, and that the real date that you're projecting now is October, 1988. Am I correct?

Mr. WEISS. What I meant Mr. Representative, is that we have submitted documents that show with logic in the CPM, that the completion date produced by the computer analysis, was October 10th, 1988. The GSA has made a different determination. You could ask them how they got to it. What we want to do this week is find out exactly how they got to their date of January 30th. We don't know. We've submitted all this information to them. They haven't sat down with us to go over the documentation.

Senator MOYNIHAN. You're going to meet on Thursday?

Mr. WEISS. That's correct.

Mr. FLAKE. So we're in effect saying that if your date is correct, that—we're saying that Social Security, the 90 days that it expects to have beyond completion to put in the wiring, which would have put them at May—in effect now we're saying that they will not be ready to operate until January, 1989? Is that what you're saying?

Mr. WEISS. I really didn't say that.

Mr. FLAKE. By your statement, if you're talking about October 1988 and he is talking 90 days beyond that in order to get what Social Security needs to operate, it seems to me that we have an artificial date here that may have sounded good for us, but the reality is that we're talking 1989 now. Am I right?

Mr. WEISS. I'm really not able to add up the dates of the following contracts, which you evidently did. I have no knowledge of that other than just sitting here and listening to other people's testimony.

Mr. FLAKE. Okay. Let me ask you another question. The other question that I have, which perhaps I should have asked GSA, if we're going to need 90 days beyond construction completion to put in the wiring for the computers, why are we going to go back into a building beyond completion and do what it seems to me ought to be done as a process of construction? In other words, it seems to make sense to me that if the walls are open, and the covers in the basement or wherever you're putting the central systems are open, that the process of starting that wiring would be done during the construction phase.

Mr. WEISS. That might be possible, but you'd have to direct that to the GSA since they're in control of that.

Mr. DINALLO. You're absolutely correct. It can be done. And if you tell us what to do, we'll do it. You shouldn't take that 90-day delay.

Mr. FLAKE. It should not take the 90 days beyond, and in your opinion it can be done during the building phase?

Mr. DINALLO. If we can sit down and negotiate whatever the change is, the actual work, and find out what the complete plan expects, we can fully accommodate you on that. I don't know any

reason why they're going to take the 90 days and then do it separately.

Mr. FLAKE. I'm concerned because it seems like there are just too many things that are adding onto the time. Obviously, GSA takes some responsibility and you take some responsibility. The issue for us as elected officials, we have some responsibilities to the people who are sitting here, the people who are in the district. I see the date getting further away as opposed to drawing closer. That's my perception. I don't know what's going to come out of Thursday's meeting, but I do know that if we're going to get information on the one hand that suggests one date for closing and then we're getting information from you on the other hand for another date, and then we're talking about extensions beyond that for other components that need to go into the building to get Social Security in, and I don't know much about building; I'm just a small developer myself, I just know enough about it to know that if you're talking now about January, 1989, you're really talking about April or May of 1989, and that's a real problem for me.

I'm hoping that this can be resolved, because I feel that the longer you delay the more money it's going to cost. I think that our concern is how we get some handle on this budget. I think the both of us will certainly be working towards whatever needs to be done to get a handle on it because the pot's going to run out after a while.

I think that you should be paid for your damages. I also think, though, that the taxpayers are paying a lot more money for a building than they expected to pay for it, and we have some responsibilities to try to put that in some kind of focus.

Mr. WEISS. May I just point out that someone touched on the elevator before. Of course, this is a vertical building; it is 11 stories high. Mr. Dinallo has put up a personnel elevator to speed the work. Mr. Dinallo and Terminal have two material hoists there, and have had them for months, to speed material going up there. We've been waiting for permanent electricity so that the Otis elevator people can operate the permanent elevators. The permanent elevators operate on three-phase power; we have substantial temporary electrical connections, but to run the elevators you should have the permanent. I know that Con-Edison is trying now to provide permanent electric power. That should help.

Senator MOYNIHAN. Could I just say, I'm not going to adjourn this hearing. I'm going to recess this hearing, and we're going to convene again next week in Washington. Perhaps you can send a representative; I know you can't come over, but I'm going to ask Mr. Harvell to appear, and Mr. Huber, if you will. I'm going to find out what happened at this meeting coming up Thursday.

We want the building finished. We don't want lawsuits, and we don't care about the past arguments. We want it finished. Representative Flake is absolutely right; we're now talking about a year. You're talking one year after the date we just heard from GSA. We're not going to put up with this any more. If you ever want to see the inside of a Federal building again, move that contract up, all right? Meet in good faith. I'm not asking you to do anything you shouldn't do, but I want you to do more than you've done. I'm not going to see this building 3 years overdue. It means too much to

this community. I'm sure you can do it; you've obviously done other fine things. But I don't want it 11 years over schedule and $900 million over budget, either. We've got to pull our socks up here.

I will recess this hearing. It will meet again at my call in Washington and then we're going to get in writing a schedule that Representative Flake and I will receive and record and hold the parties to.

With that, the hearing stands in recess.

[Whereupon, at 12:51 p.m., the hearing was recessed, to reconvene at the call of the Chair.]

[The following exchange between Senator Moynihan and Terence Golden, Administrator of the General Services Administration, was excerpted from a hearing held on another matter in Washington, D.C. on May 1, 1987.]

Senator MOYNIHAN. I have to ask you, the Jamaica Social Security Administration building that has been 8 years abuilding, what are the prospects?

Mr. GOLDEN. This definitely will take me out of the clouds.

In Jamaica, I have to say, as we have identified to you before, that we are having some serious problems with the contractor on that particular job. The work now is about 68 percent complete. We have started the roof. The elevators are being installed. The windows are up through the fourth floor. And the power installation is beginning.

I am pleased to report since the last time that we have talked that the contractor has increased the staff on the job from about 160 people to about 220 people, so we are seeing more activity, more trades on the job.

My sense, though, is that, to get this job done and prosecute the work we need to, we need to have about 300 people. So we are continuing to work with him to increase his staffing and to do a better job of coordinating the various subcontractors on the particular job.

The contractor estimates that he will be completed with the job in June of 1988. It is our estimate that the job could be completed by January if they worked harder at it and were better coordinated. We are in discussions now as to what we can do.

Senator MOYNIHAN. You were not there at the beginning.

Mr. GOLDEN. No, I was not. But I would say that I am there now. I visit this particular job and walk the job at least once a month. We have a regional administrator who is now on the job once a week, walking the job with the contractor. And we have a team of experts from our Washington construction operations that are there, and we have greatly enhanced the staffing on the job. We have eight inspectors working full-time from our 8(a) firm. So we are as intensively managing this particular project as we possibly can.

I think we are doing, in my estimation, as much as we possibly can to prosecute the work.

Senator MOYNIHAN. This is very pleasing to hear. We almost had a scandal on our hands, and we caught it in time, at least. I will just put a note in the record that your remarks will conclude the hearing that we held in Jamaica on this subject.

If you could arrange for us to get sort of quarterly report, perhaps, nothing that has to pass over your desk—you have enough paper—but just to see how this June 1988 deadline is going. We will fix that as something is going to be done, the community can know.

Mr. GOLDEN. That would be wonderful.

Senator MOYNIHAN. If you could see that comes to us, we would appreciate it.

[Statements and other material supplied for the record follow:]

STATEMENT BY

MARILYN G. O'CONNELL

DIRECTOR, OFFICE OF MATERIEL RESOURCES

OFFICE OF MANAGEMENT, BUDGET, AND PERSONNEL

SOCIAL SECURITY ADMINISTRATION

HEARING ON CONSTRUCTION OF NEW

NORTHEASTERN PROGRAM SERVICE CENTER

SUBCOMMITTEE ON WATER, TRANSPORTATION, AND INFRASTRUCTURE

SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

MARCH 16, 1987

Mr. Chairman, I appreciate the opportunity to testify before your committee today concerning the building the General Services Administration (GSA) is constructing to house the Social Security Administration's (SSA's) Northeastern Program Service Center (PSC) in Jamaica (Queens), New York. The new building will consolidate, for the sake of improved productivity and efficiency, the scattered operations of the Northeastern PSC, which is now housed in five separate locations (including warehouse space) in the New York area. The new building will also house SSA's Jamaica district office and teleservice center and an SSA regional training center.

The Northeastern PSC's geographic service area includes Connecticut, Maine, Massachusetts, New Hampshire, New York State, Rhode Island, Vermont, and parts of New Jersey.

Northeastern PSC employees maintain case files and process Social Security claims-related actions for approximately 6 million beneficiaries. The Northeastern PSC currently certifies benefit payments of approximately $3 billion per month to the beneficiaries it serves.

In October 1983, GSA awarded a construction contract for the Northeastern PSC building to the Terminal Construction Company and indicated a target SSA occupancy date of August 1986. Since then, GSA has experienced a number of difficulties which have resulted in extension of the projected building completion date to January 30, 1988. I will defer to GSA officials to discuss reasons for the delays in occupancy. I can assure you, Mr. Chairman, that SSA is cooperating fully with GSA to avoid any further delay. In any case, we do not anticipate the delays having any appreciably adverse effect on Northeastern PSC's operations or our service to the public.

AS YOU KNOW, SSA IS CURRENTLY IMPLEMENTING A MAJOR SYSTEMS MODERNIZATION AND OFFICE AUTOMATION PLAN TO PROVIDE MORE EFFICIENT AND TIMELY SERVICE TO THE PUBLIC. THE PLAN INVOLVES A NATIONWIDE NETWORK OF NEW EQUIPMENT AND SOFTWARE WHICH WILL INTERCONNECT SSA DISTRICT AND BRANCH OFFICES THROUGH PROGRAM SERVICE CENTERS TO THE MAIN COMPUTER SYSTEMS AT SSA HEADQUARTERS IN BALTIMORE, MARYLAND. THE COMPUTERS WILL BE CONNECTED TO OVER 22,000 TERMINALS IN SSA'S DISTRICT AND BRANCH OFFICES AND PROGRAM SERVICE CENTERS. THE NORTHEASTERN PSC SERVES THE NORTHEASTERN STATES' SEGMENT OF THIS NETWORK.

I AM PLEASED TO BE ABLE TO REPORT TO YOU THAT THROUGH GSA'S EFFORTS, THE DELAYS IN DELIVERING THE NEW BUILDING HAVE THUS FAR NOT CAUSED ANY MAJOR DELAYS OR RISKS TO SSA'S SYSTEMS MODERNIZATION PLANS FOR THE NORTHEASTERN PSC. LAST SUMMER SSA INSTALLED NEW HIGH-POWERED AND BETTER-QUALITY SYSTEMS COMMUNICATIONS EQUIPMENT IN THE SPACE THE NORTHEASTERN PSC LEASES

AT 95-05 HORACE HARDING EXPRESSWAY. ALSO, SSA IS NOW ENGAGED IN A JOINT EFFORT WITH GSA'S REGION II TO PREPARE THE BUILDINGS THE NORTHEASTERN PSC LEASES AT 95-05 HORACE HARDING EXPRESSWAY, 1 LEFRAK CITY PLAZA, AND 130-30 THIRTY-FIRST AVENUE (COLLEGE POINT) TO RECEIVE THE DELIVERY OF COMPUTER TERMINALS IN JUNE-JULY 1987 UNDER THE TERMS OF A NATIONAL CONTRACT THE AGENCY AWARDED IN SEPTEMBER 1986.

ALL THESE ACTIONS COULD NOT WAIT UNTIL COMPLETION OF THE NEW BUILDING, AND THEY WILL CARRY THE NORTHEASTERN PSC THROUGH THE MOVE PERIOD WITHOUT EXPOSING ITS PRESENT OPERATIONS AND SYSTEMS PROCESSES TO ANY ABNORMAL RISKS.

WHILE THESE SYSTEMS IMPROVEMENTS HAVE GONE WELL, THE NEW FACILITIES ARE NO LESS IMPORTANT TO SSA NOW THAN THEY WERE WHEN THE NORTHEASTERN PSC CONSTRUCTION CONTRACT WAS INITIALLY AWARDED. SSA COULD NOT WAIT FOR COMPLETION OF THE NEW BUILDING TO MAKE THESE IMPROVEMENTS TO ITS OPERATION BECAUSE OF THE NEED TO RELEASE

THE OUTDATED EQUIPMENT IN THE PSC AND TO INSURE CONTINUED OPERATIONS WHILE THE MOVE TO THE NEW BUILDING TAKES PLACE. HOWEVER, AT THE SAME TIME WE WERE IMPLEMENTING THESE CHANGES, WE ESTABLISHED THE NORTHEASTERN PSC'S MOVE REQUIREMENTS AND DEVELOPED VERY DETAILED MOVE SCHEDULES WITH GSA. WE ARE FULLY READY TO UNDERTAKE THE MOVEMENT OF ALL PERSONNEL AND EQUIPMENT (INCLUDING THE NEW COMPUTERS) TO THE NEW BUILDING.

IN CONCLUSION, MR. CHAIRMAN, SSA IS WORKING WELL WITH GSA TO MOVE THE OPERATIONS OF SSA'S NORTHEASTERN PSC TO ITS NEW BUILDING IN JAMAICA AS QUICKLY AS POSSIBLE WITHOUT DISRUPTION TO OUR SERVICE TO THE PUBLIC. AT THE SAME TIME, WE ARE CERTAIN THAT THE STEPS WE ARE TAKING TO IMPROVE SYSTEMS IN THE NORTHEASTERN PSC'S LEASED SPACE THIS SUMMER ARE ENTIRELY CONSISTENT WITH SIMILAR INSTALLATIONS AT OTHER SITES NATIONWIDE AND WILL ENABLE US TO CONTINUE OUR SYSTEMS IMPROVEMENTS AND SERVICE TO THE PUBLIC WITHOUT ANY NEGATIVE IMPACT.

THIS CONCLUDES MY PREPARED STATEMENT. I WILL BE GLAD TO ANSWER ANY QUESTIONS YOU MAY HAVE.

STATEMENT OF COUNCILMAN ARCHIE SPIGNER 17TH COUNCIL DISTRICT, QUEENS

Chairman Moynihan, members of the Sub-Committee on Water Resources, Transportation and Infrastructure. First let me express my regrets for not being able to be here in person to present my statement. At 10 A.M. this morning the Committee which I chair in the City Council—the Committee on Housing and Buildings—will have started its hearings at City Hall on an issue that impacts on the lives of thousands of New Yorkers and that is the future of the middle income Mitchell-Lama Housing Program. I do expect, at the very least, a full day of testimony.

I do consider this hearing of great significance not only to the communities of Southeast Queens but also to our city whose financial integrity is based in part on the successful record of construction that occurs within its borders. I, therefore, thank you for having your Committee come to this area.

Certainly your interest in this project, Mr. Chairman, has been a major factor in it seeing the light of day. You were there at the very start directing G.S.A. to conduct a feasibility study on the Jamaica site in May of 1978 and your intersection with President Carter and Vice President Mondale provided it with the critical support it required and silenced those who opposed it being built in this community for a variety of reasons, some of them not so pleasant.

There were many in the civic, academic, professional and political communities who gave their support towards creating the Social Security Building as a necessary factor in the rebirth of downtown Jamaica. This magnificent structure upon its completion will bear the name of one who saw Jamaica as the ideal site for a new Social Security Building and that would be the late Congressman Joseph Addabbo. Community Board #12 Chairperson Shirley Moore and Carlisle Towery, Executive Director, Greater Jamaica Development Corp. are some of those present this morning who were also part of the process that created support for this project.

There are others who are testifying today who are more technically knowledgeable than I am of the factors that cause the delay under discussion. They will no doubt describe the engineering and contractual components that may have delayed the construction process. However, the question with which I am concerned primarily is, of course when will this building be completed and be able to contribute to the improvement of our commodity.

This may, of course be considered a parochial view of this issue, but it is, I believe, a realistic one. The project, I am informed, was to have been completed in August of 1986. Its official extension date is now, I am told, January of 1988 with the occupation of the building actually taking place some time after that.

Also. I am sure all of you are concerned as to whether the delays on this project were unique to the nature of this specific undertaking or symptomatic of the problems of construction in New York City. If on this particular project, the choice of the contractor was determined without considering all pertinent factors, if changes in contract requirements caused certain delays, if inadequate management and oversight permitted careless procedures to occur, then we have here a case study in frustration that must be corrected and in this regard I have every confidence in your Committee.

If, in addition, delays were caused by factors endemic to construction in New York City, then we would lend every assistance to insure that corrective measures are taken. As an example possibly relevant to the Jamaica Social Security Building, press reports have cited the shortage of skilled craftsmen during the city's construction boom and the necessity to bring in workers from other areas of the country. This is a ludicrous and tragic situation, indeed, for I can assure you that there are thousands of unemployed in the Black and Hispanic communities who are fighting for the chance to undertake the arduous tasks of training and working in the construction industry—if only given the opportunity.

In a similar vein I would ask that local entrepreneurs be granted every possible consideration when the selection process is underway concerning the operation of the businesses which are planned for the Social Security Building. After all, the economic development factor and the revitalization of a predominantly minority area were the reasons cited in locating this regional facility in the Jamaica area and their importance should not be overlooked.

In conclusion, thank you again for scheduling this hearing, Mr. Chairman, It is another example of your concern for scarce tax dollars and also of your continued belief in the vitality of Southeast Queens.

TESTIMONY OF WILLIAM J. DIAMOND REGARDING THE JOSEPH P. ADDABBO SOCIAL SECURITY BUILDING, NORTHEASTERN PROGRAM SERVICE CENTER

Mr. Chairman, I am William J. Diamond, Regional Administrator for Region 2 of the General Services Administration. I am accompanied by H. D. Harvell, Assistant Commissioner for Real Property Development, from our Washington Headquarters, and Walter Huber, from the National Capital Region, who was recently assigned to provide project oversight.

The General Services Administration (GSA) would like to express its deep appreciation for your support on the Jamaica project, for without your efforts this building project would not be a reality.

The project, however, is significantly behind schedule and as a result, problems have been caused for our client agency, the Social Security Administration (SSA). The responsibility for this delay must be assumed by all parties including GSA and the contractor. In order to avoid any loss of continuity to the SSA Computer System, efforts are underway to accommodate computer needs at their current locations. We will install electrical outlets and signal cable wiring at the Lefrak City and College Point locations of SSA. This work will be completed in time to meet present SSA plans for bringing its nationwide new computer system on line.

The General Services Administration has had problems with the Jamaica project from the very beginning because the procedures used to select the contractor did not provide for adequate consideration of factors other than price. We procured the construction of this building, using the formally advertised lowest-bid method. Under this advertised method, adequate consideration was not given to factors other than price which are critical ingredients in successful building construction. On future GSA construction projects, these factors will be of increased importance in the contractor selection process and should help avoid situations like the one we now face. This approach must be used if GSA is to provide the taxpayer with the best overall value.

The original completion date was August 2, 1986; the construction began on October 18, 1983. However, due to serious questions raised by the New York Transit Authority concerning the Archer Avenue foundation as it relates to its subway system, a Stop Work Order had to be issued when construction had just started. The foundation wall was redesigned and a change order issued to the contractor to perform additional shoring and to increase the strength of the foundation wall. The contractor was delayed 299 days and, as a result, the construction completion date was revised to May 28, 1987.

We believe that the position taken by the Transit Authority was unreasonable. It forced us to perform additional structural

work above and beyond what was technically required. We, however, agreed to perform the extra work to avoid the further delay that might have resulted from litigation which was then threatened by the Transit Authority.

This design revision is under review by the Department of Justice to determine Transit Authority responsibility. We also are exploring responsibility on the part of the architect/ engineer design firm regarding the foundation problem.

The foundation work was completed in December 1984, and the project was in line with the revised schedule at that time. In fact, the contractor completed the steel erection ahead of the revised schedule. The concreting of the floors also was completed on time under the revised schedule.

At this point, the contractor should have begun the next critical activity, which was masonry work. According to the revised schedule, exterior brickwork was to begin on January 3, 1986. However, the contractor did not begin the brickwork until May 30, 1986. This delay of 5 months has not been satisfactorily explained by the contractor.

Moreover, once the brickwork got underway, the contractor experienced difficulty in recruiting an adequate number of masons to achieve his scheduled 5-month installation. This delay caused the project as a whole to progressively deteriorate. The

contractor claimed that it was unable to hire masons for this project as a result of a significant increase in construction activity in the New York area. Its claim was that this condition did not exist when the project was bid and that the foundation delay forced its operations into this manpower shortage period. Its claim of a masonry manpower shortage is being considered and investigated.

The contractor has submitted a $18 million claim for increased costs associated with the foundation changes and delays. In addition, the contractor has alleged a cost exposure to the Government of $5.5 million for extended overhead for the period May 28, 1987 to December 31, 1987, and has also alleged that the period after December 31, 1987, could result in a further exposure of $5 to $7 million to completion of the project. The Government does not concur with these demands, and there are severe pricing disputes in regard to submitted claims.

The status of the project as of this date is as follows:

- Construction is 64 percent complete.

- The majority of the brickwork is now in place on the exterior of the building and ready for the installation of windows.

- The first truckload of window parts arrived at the job site on February 27, 1987.

- Significant masonry has been installed in the core areas of the building, such as stairs, elevator shafts, and mechanical rooms.

- Temporary roofing has been installed on the penthouse and louvers have been installed to allow installation of penthouse electrical and mechanical systems. All major equipment, such as boilers, chillers and cooling towers, has been set in place.

- Metal studs for drywall are being installed.

- Sprinkler piping, plumbing, ductwork and fire standpiping are progressing to the upper floors of the building.

- The utility company is installing conduit in the street for the building incoming electrical service. Start-up of permanent power must be achieved within the next 2 months in order not to delay the elevator installation.

The contractor and its subcontractors have an inadequate workforce on site. The project is averaging approximately 160 workers but should have at least 300 workers to meet schedule requirements.

There are a number of major factors which are responsible for delaying this project.

- Foundation changes due to Transit Authority requirements.

- Change orders and design requirements to accommodate occupant agency needs.

- Delays in installation of the permanent electrical power by Con Edison.

- The late start of the brickwork and subsequent delayed start of the window installations which enclose the building.

- Ineffective management and supervision of subcontractors with poor overall coordination of the trades.

- Severe understaffing by subcontractors.

- Disputes between the general contractor and its subcontractors have resulted in manpower being removed from the building.

- Schedules have not been followed and some shop drawings have not been submitted in a timely fashion, thus delaying the work.

- There have also been numerous instances of items of work being improperly installed. Many letters have been written to the contractor concerning these items but correction has been slow. Correction of these items has caused further delays to the project.

- The contractor and his subcontractors have also refused to perform some of the change order work directed by the Government in a timely manner, thus causing delays to associated work activities.

Finally, there have been considerable discussion and debate concerning alleged untimely payments. This problem has been caused to a great degree by insufficient data being made available by the contractor to support its change order costs and claims. Required Government audits have been delayed, thus causing protracted and difficult negotiations. These factors have in turn delayed the payment process. Since last November, major initiatives have been undertaken by the Government to

increase cash flow to the contractor. No increase in production or manpower staffing has resulted from this cash flow increase, in spite of commitments from the contractor to do so.

As a result of Administrator Terence Golden's visit to the job site in October 1986 and his deep concerns over the lengthy duration of the construction as of that date, with construction only 50 percent completed, the following additional management actions were taken:

I. Improved Management.

A. A joint Central Office/National Capital Region (NCR) project oversight team was established. This oversight team visited the job site in November 1986, for an in-depth review of the project's execution with particular emphasis on contract administration and scheduling. The team issued a report and its recommendations were endorsed by the Administrator and adopted by the New York region.

B. A biweekly reporting system to Washington Headquarters was established to document progress and keep the oversight team informed.

C. Frequent follow-up visits by the oversight team from Washington are being conducted as well as visits to the

job site by top managers from Washington Headquarters and the New York region.

D. A series of recently requested changes has been canceled. This work will be performed by separate contract in order to avoid additional delay and complications to the existing contract. This additional work consists of the installation of point-to-point computer terminal wiring, additional electrical receptacles, an uninterruptible power source system, tenant partition changes, and construction of a health unit.

E. We have authorized overtime for GSA job site staff to expedite change order and claim estimating and documentation.

II. Personnel.

A. A full-time project manager was appointed to the project.

B. We have augmented the GSA job site staff by adding additional site management personnel. In addition, there are eight inspectors on site full-time from the architect-engineer firm to support GSA's management effort.

III. Financial Incentives.

A. We have improved progress and change order payments to the contractor through special arrangements to make expedited progress payments after receipt of the contractor's monthly invoices. In addition, semimonthly payments are also being made for all overtime work and temporary heat and enclosure costs.

B. We have authorized payment for temporary winter heat and winter protection enclosures.

C. We have expedited the project by authorizing premium pay for bricklayers and overtime for all major trades affected by the brick installation delays.

In spite of these initiatives, the project remains substantially behind schedule. As of today, the project is experiencing additional delays that will extend the completion date beyond May 28, 1987. Based on our analysis, we have determined that the extended contract completion date is now January 30, 1988. Of the 8 months' extension, from May 28, 1987, to January 30, 1988, approximately 2-1/2 months appear to be the responsibility of the Government and the remaining 5-1/2 months appear to be concurrent, with the Government and the contractor sharing accountability.

As we have stated, GSA has established an extended contract completion date of January 30, 1988. The actual completion date is, of course, controlled by the general contractor. We believe that with a sufficient increase of resources and effective management of the entire project by the contractor, the building can be completed by the extended contract completion date.

We must, however, quickly point out that when the present contract is completed we will not have a fully operational building to meet the basic needs of SSA. We will have to award a separate contract for the point-to-point wiring of the computer system. This contract will be awarded with the intent of having the installation of the wiring start as soon as Terminal Construction Company substantially completes its contract. Based on our current estimate, this wiring should take approximately 3 months to complete. Therefore, SSA can start its move into the new building 90 days after Terminal completes its contract.

As previously stated, there is additional work that is required by SSA that we plan to complete after SSA occupies the building; however, SSA has informed us that this will not impose any operational constraints in accomplishing its mission.

The funds originally appropriated by Congress are sufficient to complete the project.

In conclusion, Mr. Chairman, both GSA and SSA have and will take all necessary steps to ensure that there is no disruption of service to the public. GSA recognizes its responsibility for a portion of the delay and the management problems it has encountered. We will expedite work required at the Lefrak City and College Point locations. These locations will stay operational until the Jamaica building can be put into service and all systems checked out.

We also are making every effort to get the Jamaica project on track and completed. However, because of the contractor's reluctance or inability to expedite the work, we may not, in spite of our best efforts , succeed in achieving timely completion. We believe that the building completion rests in the hands of the contractor and that an aggressive approach by Terminal Construction Company can result in the contract being completed by January 30, 1988, and SSA can complete its move into the Joseph P. Addabbo Building by May 1988.

In the future, GSA intends to shift from fully designed specifications to "design-build" project for new construction and for the purchase of existing buildings wherever feasible. This approach will help to contain costs because it provides greater opportunity to take advantage of private sector experience and market conditions. Further, in selecting contractors, quality ranking factors, including technical competence and approach,

past performance, and financial capability will be given considerable weight to provide a better value to the taxpayer. Even in future procurements where there are fully designed specifications, greater emphasis will be placed on these factors.

This concludes my formal statement and I will be happy to answer any questions.

JOSEPH P. ADDABBO SOCIAL SECURITY BUILDING
NORTHEASTERN PROGRAM SERVICE CENTER
JAMAICA/QUEENS, NEW YORK

Project History

Project authorized by the House - April 2, 1980
Project authorized by the Senate - May 8, 1980

Size - 964,160 gross square feet
693,200 occupiable square feet

Tenant - Primarily Social Security Administration with small occupancy projected for other agencies

Architect/Engineer - Gruzen & Partners/The Ehrenkrantz Group/ Syska & Hennessey (joint venture)

General Contractor - Terminal Construction Company

Construction contract was awarded on September 22, 1983, with Notice to Proceed effective on October 18, 1983.

Original construction completion - August 2, 1986.

Contractor's estimated completion date - September 1988.

Government's estimated legal completion date - January 30, 1988.

JAMAICA CENTER 1987
An Office Enterprise Zone

Capitalizing on infrastructure, labor, new development and available sites to rebuild a Borough Downtown for Queens.

Jamaica Center has three strong location advantages for attracting more office jobs and retailing: (1) near Manhattan and the airports and among city and suburban neighborhoods of office workers; (2) at the confluence of Long Island Rail Road and bus lines, and on four subway lines; (3) already bringing together strong downtown elements—hospitals, higher education, 300 stores, an art center, a central library, banks.

JUNE 1986

I. INTRODUCTION AND SUMMARY: JAMAICA CENTER 1968 vs. 1987

In 1968, Regional Plan Association identified Jamaica Center as one of the key downtowns in the tri-state New York Urban Region that should grow (see Appendix A). This recommendation ran counter to the trends and economic projections prepared for RPA by a Harvard University team *(Metropolis 1985)*. The Harvard study talked of slowly declining "gray areas," including Jamaica. So we had no illusions that Jamaica Center was about to become the dynamic center that its location justified and its social condition made highly desirable–unless public policies strongly stimulated its growth.

Public policy was mobilized. In 1969 the city declared in favor of building in the borough downtowns, i.e., Jamaica, Downtown Brooklyn, and Fordham Road. Office sites were acquired and cleared in Jamaica Center. York College was located there. A new subway line was routed to serve the new campus and office district. The city supported the formation of the nonprofit Greater Jamaica Development Corporation, and a series of major public improvements followed.

The city has been making the right moves, hampered by the difficult fiscal and economic conditions of the 1970s: York College is not yet in its permanent campus, three subway stations are built, but the decision not to build the Queens By-Pass reduces the new Archer Avenue line's economic impact on Jamaica.

With $750 million of public funds invested and much more poised to go into Jamaica, but with private investment not yet following, the City Planning Commission, borough president, and RPA all felt it was time to look again at the concept of Jamaica Center proposed by RPA and adopted by the city. The location advantages of Jamaica Center remain the same, and the social reasons for reinvigorating this "gray area" into a strong downtown have become even more demonstrable. Our *Second Regional Plan* predicted that unless city downtowns again became the main centers of the American economy, society will separate, blacks from whites, higher income from low. In Jamaica Center that has been happening.

So the long-term assets remain strong–perhaps even stronger than in 1968–because the commitments are now visible: the new subway, York's campus, the Long Island Rail Road entering an improvement phase, the large new Federal Building. The tremendous public investment, the resulting large-scale government center and the public commitment they represent all will help attract private investment.

Nevertheless, we did not start this project with the assumption that the 1968 plan remains valid and simply requires a new all-out push. All of the sponsors assumed that we had to look afresh–with the same beliefs about the importance of downtowns and of office jobs, but with no conviction that Jamaica Center *could* attract offices and become the kind of major metropolitan center envisioned 15 years ago. After a very careful look, we have concluded that this borough downtown *can* become a metropolitan center, though perhaps not as large in the foreseeable future as planned in 1968. Our findings and strategy for bringing this about are the subjects of this report.

Why a Borough Downtown?

Clustering office jobs, retailing, arts and entertainment, higher education, health services and apartments in a walkable downtown offers many advantages over scattering these facilities all over the borough.

New York must rely on its strengths to compete with Long Island, New Jersey and more distant suburban areas. Its strengths are substantial walkable urban centers with varied activities and services reached by frequent subways, buses and trains. So it pays New York City to focus on its potential borough downtowns; they are worth a lot of investment incentives because–as Mayor Koch said in releasing RPA's Downtown Brooklyn report–after the first investors begin building, the values will go up and the incentives can go down; in a downtown, getting over the initial *image* of decline and building a climate of confidence require strong incentives. Many downtowns elsewhere in the nation that have reversed their image of decline have developed sufficient attraction so that financial incentives are not essential to their continued growth, and downtowns like Boston, San Francisco, Stamford and White Plains are now concerned about limiting growth. White Plains and Stamford, for example, had nearly-empty downtowns for several years before the first office developers took a chance in White Plains and GTE pioneered in Stamford. Once the image of those downtowns was reversed from dead to lively, demand for office space increased rapidly. Over four million square feet of office space is now built or

under construction in downtown White Plains with no incentive other than cleared and inexpensive land. The demand for office space seems likely to exceed the capacity the city sees for its downtown. In addition, a large downtown enclosed shopping mall and three large new hotels were built or are under construction. In Stamford, almost ten million square feet of office space has been built since World War II, with about 4.5 million square feet having gone up since 1980. This also has been accompanied by the construction of new hotels and a large downtown retail mall.

In addition, building a substantial borough downtown strengthens the sense of a borough community, strengthens the use of public transit and utilizes fully the tremendous investment, public and private, already there.

Finally, building in Jamaica Center brings opportunities within easy reach of people nearby who need a boost up the rungs of the economic ladder. It will broaden retail offerings for all income levels, bringing more middle-class shoppers into the area who are not captive because they have cars allowing them to shop around. That will improve offerings for those who *are* captive to a public transit downtown. It will strengthen York College by facilitating the College's links to businesses and other activities, like medical and legal services and the arts. It will increase the number of people on the street night and day, allowing people to walk more freely in the area. It will provide more support for Queens' cultural activities, because more people will be in their vicinity, enriching the arts in Queens.

All in all, a lively Jamaica Center will increase the choices for New York's citizens and strengthen all of Queens in ways which isolated office buildings and apartments and shopping centers cannot do.

Jamaica's Assets: Location and All That Means

Jamaica Center will become an office center with substantial industrial and retailing expansion within the decade because of the cardinal rule of real estate value: location.

Jamaica will be a link between Long Island and New York City because it is a suburban center set among suburban-like neighborhoods of Queens and adjacent Nassau County; because of all the ways to get to Jamaica from Manhattan, Downtown Brooklyn, all of Queens and suburban Long Island; and because of all the facilities Jamaica will soon have, serving a large portion of the city, the state and the northeastern United States.

Transportation. At the confluence of nine of the Long Island Rail Road's (LIRR) ten lines, 42 bus lines, including nine from Nassau County, and soon four subway lines stopping at five stations, Jamaica offers benefits of being in the city and also benefits of suburban-like surroundings, only four miles from the Nassau border.

Jamaica is only 20 minutes from Penn Station via the LIRR, 35 minutes from 53rd and Lexington on the subway. In a new RPA survey of corporations, public transit was listed among the top four considerations in locating back offices: some 90 percent called it important. By car, it is about three-fourths of a mile from an entrance/exit of the Van Wyck Expressway and just two miles from the Grand Central Parkway. There is plenty of parking now and room to build more as office buildings are added. Kennedy Airport is 10 minutes away, LaGuardia 15.

Labor force. Jamaica Center is surrounded by neighborhoods with above-average incomes, mostly one-family homes with lush green lawns mixed with apartments. The potential labor force includes 90 percent of all Nassau County residents who work in offices and all of Queens' 537,000 employed office workers and executives, measured by typical commuting times. At the same time, upwardly mobile potential office workers are close by, many without cars. The best of both worlds: a promising city labor force and access to the suburban work force with the fullest range of transportation to get to Jamaica Center, including some 30,000 persons within 10 minutes on foot.

Interaction. Because Jamaica Center is a compact downtown and long the principal center for Queens, a great deal is within easy reach when you get there: 300 shops, which the added office jobs scheduled to arrive by 1987 are likely to increase to over 330; the Jamaica Arts Center; Queensborough Central Library; York College right in the center and St. John's University four blocks north; Mary Immaculate Hospital, the center of Catholic Hospitals of Queens and Brooklyn, plus two more hospitals within five minutes of the center. There is also the substantial headquarters of a public corporation, the Long Island Rail Road. Eleven banks serve both businesses and households.

More employees and shoppers will attract more services and activities to Jamaica Center, which will make it an increasingly lively and economically active place. In a center, activities strengthen each other through advantages of proximity as they grow, when spread out along highways in the sub-

urbs, they add to the traffic but add little to the mutual support of the varied enterprises.

Community organization. Because of this interaction and because Jamaica Center has a long history, there are organizations there to make improvements. Greater Jamaica Development Corporation, representing a wide range of Jamaica interests, is competent, trusted and imaginative and has had the continuing support of City Hall and the borough president since it was organized in 1967.

National Trends in Downtown Development

Its centrality made Jamaica Center the downtown for most of Queens. But, like many downtowns during the '50s and '60s, Jamaica Center lost that role with the wave of middle-income migration to the suburbs. The auto began to dominate American travel after World War II. The cities were worn, crowded and unprepared to cope with increased auto use because of 15 years of depression and war.

Now, after a third of a century of decentralizing, the fundamental advantages of a central location and compactness in a business center are being appreciated again in cities throughout the nation, such as Boston, Cincinnati, Charlotte, Hartford, Stamford, White Plains, Denver and Los Angeles. And behind this resurgence of downtowns is office development. As a recent study published by the Eno Foundation put it: "Office development is the centerpiece of all CBD redevelopment and new development. Every city that is growing or renewing is replacing old office space and/or adding new office space."[1]

In recent interviews with downtown development officials in Charlotte, Cincinnati, Cleveland, Denver, Tulsa, Hartford and Newark, we found downtown promoters and city officials convinced that office development was a good strategy to get downtown revitalization started, though more housing is needed to complete the job.

According to a recent study by the Urban Land Institute, downtowns have a built-in advantage over their regional competition to the extent that they are central places and have such central place facilities as theaters, hospitals, museums, etc.[2]

Experts are beginning to discern a turnaround nationally in the decline of downtown retail sales that started with the postwar population migration to the suburbs. Among the factors that, according to the Urban Land Institute, are "propelling" this takeoff in downtown retailing are the growth in CBD office employment, a growing appreciation of urban lifestyles and specialty retailing, a large number of successful pioneering downtown retail projects, a more savvy public sector that knows how to provide the incentives that developers need, and a dramatic decline in the number of easy opportunities for suburban retail projects.[3]

Downtown revitalization, however, does not happen overnight or upon the completion of a single project. It is a long-term process that usually takes 25 to 30 years. The most crucial stage is the point when decline bottoms out and pressures for growth appear. Infrastructure improvements can be an effective way to reach this critical point.

Priming the Pump:
The Public Investment 1970–1984

The public sector has invested heavily in Jamaica's infrastructure and improving its central place functions, readying it for the kind of rebirth that other downtowns have experienced (see Map 1).

In less than 15 years, three-quarters of a billion dollars in public funds along with substantial quasi-public funds have been invested in Jamaica Center improvements:

- removing the elevated subway from the downtown section of Jamaica Avenue and reconstructing Jamaica Avenue with special lighting and amenities for shoppers and workers;
- locating York College in Jamaica with two new buildings completed, several buildings rehabilitated, a large academic core building under construction and support facilities under design;
- locating the State Department of Motor Vehicles Queens Office in Jamaica;
- acquiring a site for the Queens Civil Court development;
- building Queensborough Central Library;
- renovating a landmark building into a new Jamaica Arts Center;
- building parking garages containing 1,200 spaces;
- expanding Mary Immaculate Hospital;
- expanding the Family Court;
- locating city water, social service, human resources and finance services in Jamaica;
- refurbishing Long Island Rail Road property, including offices in Jamaica Center and maintenance facilities nearby;
- transforming three blocks along 165th Street into a pedestrian-only mall;
- building a new telephone company office at the end of the mall;
- rehabilitating a 60,000-square-foot office building by Greater Jamaica Development Corporation;

Map I
DEVELOPMENT PROGRESS

- reconstructing 89th Avenue and Parsons Boulevard, repairing and widening Archer Avenue and Merrick Boulevard;
- renovating over 1,250 apartment units;
- setting up a Farmer's Market, bringing people from miles around on summer weekends;
- renovating shopfronts on Jamaica Avenue.

Clearly the city, the state, and others believe in a center at Jamaica and have acted on it.

The Transformation: 1984–87

The harvest of growth from all this investment is due shortly as Jamaica Center is transformed by projects to be completed in 1987:

- the new subway line, with light-filled attractive stations;
- the 900,000-square-foot Federal Building, assembling 3,000 to 4,000 employees of the Social Security Administration in Jamaica Center from elsewhere in Queens;
- renovation of the former Gertz department store building into 350,000 square feet of office space to be used by state and city agencies;
- construction of the 400,000-square-foot Executive Plaza office building;
- opening of York College's core building on a broad campus;
- renovating an unneeded firehouse into apartment studios for artists and a restaurant.

The Potential

With the addition of over 4,500 federal, state and city office employees and expansion of York College, Jamaica Center will look quite different. Retail experts predict that added sales just from the new office employees would justify at least 30 additional stores, catering to white collar workers. Store rents across from the Federal Building began to rise even before it was out of the ground.

Office growth goals. Given the dynamic changes and the incomparable location, further office growth seems justified if a combination of public policies (suggested below) overcomes the image that seems to be discouraging private employers from locating there. RPA projects an office job increase for the tri-state New York Urban Region of 450,000 in the 1980s alone. In addition, office space per employee is rising. The combination will require a net increase in the 1980s of about 140 million square feet of office space. Of this, RPA projects that New York City will capture about a third. Very conservatively, we suggest a target for the year 2000 for Jamaica Center of filling existing vacant office buildings (about 300,000 square feet) and building about 2.3 million square feet of new office space–beyond what is under construction and due to open by 1987. This would be a minute portion of the added office space expected in the tri-state Region by 2000.

Retailing. The 30 percent rise in retail sales expected as office workers move into Jamaica Center can be the forerunner of even more sales, because the shoppers will begin to change the merchandise offered and the clientele catered to.

Jamaica Center's trade area, defined by where shoppers now come from to shop in Jamaica and by its proximity compared to other shopping areas, should produce far more customers. The neighborhoods in this trade area have household incomes averaging about $26,000, well above the city's $23,500 and about equal to the state's $26,000. The stores are not aimed at that market but at lower-income shoppers, both in merchandise and in its presentation. Only 20 percent of current Jamaica Center shoppers come by car, suggesting that this is primarily a captive clientele–many of those with a choice are going elsewhere. Other Queens shopping areas attract about half of the potential sales of department store-type goods ("shopping" goods) from their trade areas; Jamaica Center now attracts only about one-fifth. The shift in merchandising to serve the new office workers will help attract more residents of the trade area. With a change in merchandise and presentation, well-publicized and complemented with events to draw people to see the changes, nearby residents are likely to shop there much more. With the right steps, we see a reasonable target of shopping goods sales by 2000 to be nearly twice the current sales.

Other activities. York College, St. John's University, Queensborough Central Library and Jamaica Arts Center provide a solid base for expanding cultural and adult education offerings.

York College already is strengthening community institutions with joint enterprises and clearly has the potential to do the same with prospective downtown businesses. There is underused land very near by, offering opportunities for joint enterprises, which could speed expansion of York College activities as well as strengthening the economy of the community.

The under-used land south of the railroad also is very suitable for manufacturing. Honeywell Farms Dairy has expanded its operation, constructed research facilities and cleared extra land suit-

able for an industrial park. Proximity to Kennedy Airport is one site advantage.

The Basic Strategy:
Create an Office Enterprise Zone

The basic assets are there, but private firms are deterred by a negative image. Principally, what Jamaica Center needs is a change of image befitting its appearance in 1987 and what it could be like as additional private office, retail and apartment growth occur thereafter. Once the image changes and activity begins to flow in, the principal need will be accommodating the increased automobiles though a majority of employees would still be expected to arrive on public transit. The best way to overcome Jamaica's negative image is to get more offices, retailing, and other activities that will keep the streets filled with people throughout the day, evening and weekend and to generate more attractions with the added support. The proposed strategy is to intensify and expand current inducements and cost reductions to private enterprise within a special office enterprise zone. Also, to locate additional city and state workers now in Manhattan's high rent area. At the same time, the public's perception of Jamaica's image problem must be confronted directly, with many more police clearly visible. RPA will also be working with Jamaica Center people on new techniques for reducing crime and the image of crime.

Providing for more cars. Because Queens is auto-oriented and Jamaica Center will relate to the suburbs as well, substantial garage construction is needed along with the new offices. However, we expect that most employees will continue to commute by public transit, so only 1.33 parking spaces for every 1,000 square feet of office space (3-5 employees) should be necessary. About 2,300 more parking spaces will be needed commencing in 1987.

Office timing, siting and recruiting strategy. Immediately, Jamaica's most appropriate office jobs are those associated with regional or district headquarters, as well as headquarters of small firms headed by Queens or Nassau County residents, nonprofit organizations being priced out of Manhattan, and professionals (especially lawyers frequenting the courts and doctors attached to nearby hospitals). To foster Jamaica-based office firms, an incubator office building might be built to provide services that a new business needs but cannot support. Later, corporate back offices priced out of Manhattan should be sought (looking for those with many Queens and Long Island employees).

Two kinds of government action are needed to stimulate the first few private office developments: (1) the city and state should lease some of the space for their own employees, and (2) deep subsidies should be provided in an office enterprise zone to cut operating costs of tenants to below those that would exist elsewhere in the city. But limit these deep subsidies to a narrowly-defined office zone and to the first two million square feet of office space added by new construction or rehabilitation and see whether that will start the unsubsidized flow a dynamic center can generate.

Geographically, concentrate on the old office core filling empty buildings and constructing 400,000 square feet of office space on the site just east of the Federal Building, and another building just west (beyond the church), then move west along Archer Avenue toward Sutphin Boulevard. We propose office buildings on the north side of Archer Avenue and a linear garage on the south side, with stores along the sidewalk in front of the offices and a garage with covered walkway leading directly to the LIRR station. This would provide safe passage for nighttime office workers either to their cars or to the train, subway or bus, but it would keep the street lively during the day.

Specifically: Attracting Back Offices

Regional Plan surveyed corporations with back office workers still in Manhattan that might be looking for less-expensive space outside Manhattan. The criteria they deemed most important for relocating back-office employees are:

1. **Rent Level.** RPA anticipates that competition for office tenants will be heating up over the near term, so the city should be prepared to offer substantial incentives to get Jamaica Center's private office market moving quickly. While it is usual to provide temporary real estate tax breaks to attract a firm to a particular location, where the dollar is saved does not matter to the tenant. The city and state might choose from an array of taxes to bring the cost of being in Jamaica sufficiently below the cost of locating elsewhere.

The mayor, with the concurrence of the Board of Estimate, has recently reduced occupancy and energy taxes which should improve the competitiveness of New York City costs; however, more of these incentives are needed and could most effectively be provided through an Office Enterprise Zone mechanism, described hereafter.

2. **Cost of electricity.** Cost should be brought down to less than 50 percent of 1983 levels. Much

has recently been accomplished in this direction. Con Edison's new business incentive rate combined with the city's program to reduce energy taxes in the outer boroughs means a 37 percent lower cost for office firms now moving to Jamaica Center.

3. **Mass Transit**. The Jamaica office zone includes two subway stations, the Long Island Rail Road and a major bus transfer point.

4. **Security**. Dense, compact development is recommended, to make pedestrians feel more secure, as well as secure walkways to parking, subways and the Long Island Rail Road for night workers.

5. **Access To a High-Quality Labor Pool**. Over half a million office workers now live in Queens and Nassau County within typical commuting travel time of Jamaica.

Another job attraction for Jamaica could be job preparation at all levels. Higher education has been drawing businesses that want a headstart in recruiting hard-to-find skills, that need expert consultants who also teach, that need part-time student workers or that want to join in research projects. But the potential of Jamaica's higher education institutions to do these things needs to be organized and publicized. Business, further, needs to be reassured that the nearby labor force is job-ready. One very successful process for doing that with young people has been the join-a-school program: high schools in the Jamaica area should latch onto a corporation and enter the program, finding —if possible—a corporation that might locate a regional or back office in Jamaica Center.

Retailing

The added offices are likely to cluster away from the existing retail district and mall, so a different stimulus is needed there. We recommend an off-price cluster—stores like Syms, Loehmann's and Marshall's. There is adequate parking as well as a confluence of buses there, and both middle- and moderate-income shoppers travel long distances to such stores. In particular, the recently renovated Macy's building would be a good location.

Other Activities

Bringing workers, shoppers and students together in a center allows broad support for activities like the arts and other entertainment that is difficult to support where there is no business center. But this confluence does not guarantee a flowering of cultural or other events. They need to be organized and stimulated. One channel to the necessary organization would be a Coalition for a Greater Jamaica, bringing together all the businesses and institutions and neighborhood organizations with a stake in improving Jamaica Center. By keeping in regular touch, those organizations with common interests may be stimulated to form joint enterprises. For example, York College, St. John's University, Queensborough Central Library, the Jamaica Arts Center and possibly the YMCA might co-sponsor lunchtime events and art exhibits, lectures or film series. This would stimulate participation by Jamaica Center employees and residents.

Housing

No matter how many people assemble during the day, it takes housing in and adjacent to the Center to keep the place lively at night.

The strategy for Jamaica Center's revival has concentrated on downtown jobs and services. Now there is a reason to give increased priority to housing. Jamaica Center already has a strong residential base, and the city should continue to sponsor rehabilitation of existing apartments. But more housing would add to the Center's potential. With the severe housing shortage in the city—indeed, throughout the tri-state region—affordable housing may be the easiest way to attract new vitality to Jamaica. There is room on vacant land within Jamaica Center for some high-rise apartments; there is room in South Jamaica, within walking distance of the Center, for several hundred units of new low-rise housing on vacant land. Reconstruction of vacant city-owned, one-family units and clearance of deteriorated structures for sites for new units seems warranted.

II. THE CURRENT SITUATION IN JAMAICA

Offices

The inventory of current office space in Jamaica Center conducted by Regional Plan found a total of 1,765,000 square feet, of which 363,000 are vacant. 1,257,000 are in buildings 30,000 square feet and larger. (This total does not include any offices at York College or Mary Immaculate Hospital.) Office activity is dispersed over three large sub-areas: Sutphin Boulevard, the old office core, and the old retail core. Current rents range from $4.00 to $8.50 per square foot. Rents for space now being renovated will be in the $12.50 to $13.50 range.

The largest buildings now are in the 100,000- to 135,000-square-foot range and fully tenanted. The major tenants in Jamaica Center are public institutions: federal, state and city agencies now occupy in excess of 420,000 square feet and employ approximately 1,500 office workers; the LIRR, New York Telephone, Brooklyn Union Gas, and Con Ed occupy another 408,000 square feet and employ 2,186 office workers.

There are 52 law offices, 32 doctors' offices, and 32 dental offices now in Jamaica Center.

In buildings 30,000 square feet and larger, the current overall vacancy rate is 24.9 percent (312,550 square feet). Most of the vacant space (265,000 square feet) is located in the old office core in the vicinity of Union Hall Street. The vacancy rate for space in the old office core is 55.9 percent. (The Gertz building has not been included in any of these computations.)

A number of the office buildings in the old core area are entirely vacant (for example, the Bar and Stark Buildings), and because of their locations on Jamaica Avenue, they detract from the area's image.

TABLE 1.

CURRENT AND COMMITTED OFFICE SPACE IN JAMAICA CENTER

	Square Feet	Employees
CURRENT:		
Government	420,000	1,500
LIRR & Utilities	408,000	2,200
Private	937,000	2,733 (@ 210 sq. ft./employee)
Total Current Leased	1,392,000	6,433
Total Current Vacant	363,000	
Total Space	1,765,000	
COMMITTED:		
Federal Government	900,000	3,000
State	220,000	1,000
City	130,000	650
TOTAL COMMITTED:	1,240,000	
CURRENT + COMMITTED:		
Government	1,660,000	6,150
LIRR & Utilities	408,000	2,200
Private	937,000	2,733
TOTAL CURRENT + COMMITTED:	3,005,000	11,083

Source: Regional Plan Association

TABLE 2.

LOCATIONS WITH LARGEST OFFICE DEVELOPMENT IN QUEENS, NASSAU & SUFFOLK COUNTIES (1982)

Location	Square Feet
1. Melville	4,060,200
2. Garden City	3,089,000
(Jamaica Center – 1987	3,005,000)
3. Lake Success	2,664,400
4. Jericho	2,314,000
5. Great Neck	1,793,900
6. Jamaica Center	1,765,000
7. Hauppague	1,435,160
8. Woodbury	1,198,300
9. Uniondale	1,112,200
10. Hempstead	1,016,550

Source: Lilco and Regional Plan Association

Little of the vacant space is in first-class condition, but almost all can be rehabilitated into very satisfactory space and attractive buildings, as Greater Jamaica Development Corporation has demonstrated in its own building.

The new Federal Building will add about 900,000 square feet and over 3,000 additional workers. The Gertz Building is being altered to provide an additional 350,000 square feet. The state has leased 220,000 square feet of the Gertz space for several agencies, and the city has leased the remaining space for 800 workers from four city agencies. Recent city leases in several smaller buildings will bring the total amount of city-occupied space in Jamaica Center to over 400,000 square feet. By 1987, 1.24 million square feet of first-class office space will be added to Jamaica's stock, putting it about on par with Garden City as one of Long Island's major office centers (see Tables 1 & 2).

The Mack Building, to be known as Executive Plaza at Jamaica Center, will total approximately 400,000 square feet. This project, arranged by the Public Development Corporation, involves the lease of city land on terms intended to make it competitive with suburban office locations. The Mack Company has committed to renting at least 40 percent of the space to private tenants. The city has committed to rent 80,000 square feet and the balance of the space is to be occupied by federal and state offices.

Plans also exist for constructing a 300,000-square-foot Civil Court Building with 400 parking spaces on a cleared, city-owned site on Sutphin Boulevard.

Retailing

The retail inventory conducted by Regional Plan in 1983 found, after the conversion of the Gertz Building to office use, about 1.1 million square feet of retail space in 330 stores in Jamaica's traditional retail area. About 300 stores, accounting for approximately 780,000 square feet, were occupied. At that time, most of the vacant retail space was situated in the largest facilities–110,000 square feet in the Macy's Building, about 100,000 square feet remaining in the Gertz Building and 36,000 square feet in the Sachs New York Building. A significant amount of vacant space was then clustered on and around the 165th Street Mall: in addition to long-empty Macy's, about 30,000 square feet of stores had been burned out on the Mall; to the east one block on Merrick Boulevard, a strip of stores had long stood vacant. Now, vacancies have begun to appear on 164th Street, one block west of the Mall, near Jamaica Avenue.

This situation began to improve in 1984. The Macy's building has been refurbished and reopened as an indoor bazaar-type retail complex. The burned-out stores on the Mall have been attractively rebuilt and are tenanted by high quality stores. In 1986 about 80,000 square feet of refurbished retail space will be reopened in the Gertz Building with tenants primarily positioned for the office worker market. Prospects seem good for Jamaica Center soon to have about one million square feet of occupied retail space, which would make it considerbly larger than the average regional shopping center in the Northeast.

Vacancies on Jamaica Avenue have traditionally been few and quickly rented; rents have reflected this. In 1983, the average retail rental on Jamaica Avenue was $20 per square foot compared with about $15 per square foot on the Mall and $10 per square foot on the less frequently trafficked side streets. These averages hid some wide disparities, however; some of the older leases held by chain stores were as low as $4 per square foot, while more recent leases were in the $29-per-square-foot range. Since then, reports indicate that rents have substantially increased, especially in the area near the new Federal Building and on the Mall. Average rents for space comparable to that on Jamaica Avenue are $30 per square foot in the Rego Park/Queens Center area, $25 on Steinway Street in Astoria and $23 on Main Street in Flushing.

Although Jamaica remains a significant retail center, it is far from being the dominant commercial center of Queens and Long Island that it once

was. Between 1967 and 1972, retail sales in constant dollars dropped in Jamaica Center by 40 percent. The closing since then of such stores as Macy's, Gertz, Ethan Allen Galleries, Wallach's and B & B Lorry indicates that Jamaica's retail sales continued to decline into the 1980s, although the decline has probably now bottomed out. Annual retail sales for shoppers' goods in the core 294 stores are now estimated to be between $110-$130 million.

Associated with the decline is Jamaica's transition from a middle-income to a low-income shopping area. A 1981 survey showed that 80 percent of the shoppers had annual incomes below $17,000.[4] The survey also showed that only 20 percent came by car,[5] suggesting that the Jamaica shopper is going there less by choice than by necessity. While 72 percent of the 1981 shoppers were black and Hispanic, the black middle-income shopper has deserted Jamaica Center; in fact, some of the black churches in the area take their elderly members to Green Acres and other competitive shopping areas. The survey also revealed no shoppers coming from the area between the Grand Central Parkway and the Long Island Expressway, which is within a very short travel time of Jamaica Center.[6]

Jamaica Center still has a significant number of national and regional chain stores such as Mays, Florsheim, Lerner's, Lane Bryant, Hallmark, Fayva's, Godwin's, Woolworth, Vim and Modell's, but the number of stores positioned for the middle-income market has significantly diminished. In general, the merchandise mix has also deteriorated; some chains use their Jamaica stores to sell goods unsold in their other locations, and several new stores sell inferior goods at high markup with little or no merchant service according to a 1981 report by Hammer, Siler, George, retailing consultants, confirmed to Regional Plan by several knowledgeable observers of Jamaica's retailing.[7]

Compared to Downtown Brooklyn and Fordham Road, Jamaica Center has fewer major retail anchors and major chains. Jamaica's only major retail anchor today is the Mays Department Store, whereas Downtown Brooklyn has an A&S in addition to Mays, and Fordham Road has Alexander's, Loehmann's and Sears. Plymouth and Strawberry's shops, which are positioned for the female office worker are found in Downtown Brooklyn and Fordham Road, but not in Jamaica.

III. THE POTENTIAL OFFICE MARKET FOR JAMAICA

Office Demand Projections For the Region: 1980–2000

Regional Plan now estimates that office employment in office buildings will grow from 2.2 to 2.65 million in the Region between 1980 and 1990. Without industry-specific employment forecasts beyond 1990, it is not possible to determine office employment for the year 2000, but a total of three million office jobs Regionwide does not seem out of the question.[8]

It appears that gross new office floorspace per worker has jumped from 250 square feet/job in 1970 to 300 square feet/job in 1980. Assuming no further changes between 1980 and 1990 in employment and space utilization trends, one can reasonably project that a net increase of 140 million square feet of office space will be brought on line in the Region in this decade, raising the stock from 655 million to 795 million square feet. If office employment in the Region increases by another 350,000 jobs in the 1990s and space utilization per worker remains the same, then the following decade could see an additional 105 million square feet of office space come on line in the Region. This would mean that about 245 million square feet of office space could be added to the Region's stock in the 1980 to 2000 time period. Even if a 20 percent error factor is assigned to these estimates, this would still leave 195 million square feet of additional office space coming on line in the Region by 2000. Of this total, Regional Plan estimates that about 83 million square feet could be captured by New York City.[9]

Office Development Targets for Jamaica

In 1968, RPA said that Jamaica Center would be "an excellent location for 50,000 office jobs by 1985," 100,000 by 2000, i.e., something over 25 million square feet of space. Clearly, Jamaica Center will not reach that estimate of reasonable capacity in this century, mainly because of the serious overbuilding of office space in Manhattan, the city's fiscal crisis and the national economic slump that occurred in the 1970s. What purposes would be served by suggesting a new reasonable target under current circumstances—where capacity would not be the governing criterion? The current goal should be the minimum number of office jobs and square feet of floor space (added to what already is underway) that can be expected to turn the image of Jamaica Center around, from declining to rising, and create sufficient magnetism so that it can continue to attract more offices, retailing, housing and other activities without unusually large incentives and major city attention. Our best estimate is about 21,000 office employees, requiring 2½-3 million square feet of office space beyond the three million current and committed. Looking at the total office development projected for the tri-state New York Urban Region, this amount looks modest.

We conclude that this will be enough to generate a strong sense of upward movement, particularly because of the added and changed retailing it will usher in and because it would demonstrate substantial new private investor interest in Jamaica Center. We conclude, also, that strong city efforts and commitment to Jamaica Center can make this goal attainable by the 1990s.

A total of 21,000 office employees by 2000 would mean 2.3 million square feet in new construction and the filling of 300,000 square feet of existing empty space, bringing the total office space in Jamaica Center by 2000 to 5.3 million square feet. The suggested goal of filling 2.6 million square feet represents less than 1.5 percent of the increased demand for office space that RPA anticipates for the Region by 2000, so achieving this goal does not assume Jamaica's getting an inordinate share of this increase. It is also a modest goal given the office development plans of other centers on Long Island and in the outer boroughs. Mitchel Field, for example, anticipates the development of an office complex that will contain over five million square feet, and there are now plans for developing six million square feet just in the Atlantic Terminal and MetroTech projects. So setting this much office growth as an interim goal to 2000 is not excessive for a Center of Jamaica's size.

Moreover, Jamaica Center is already moving toward this goal. The Mack Company's proposed building will have 400,000 square feet of offices. Another nearby cleared site ready for development can accommodate a 600,000-square-foot office facility. The Montgomery Ward Building, soon to be vacated by York College, could easily provide another 130,000 square feet of renovated office space.

We have broken down the goal by type of offices as a guide to recruiting:

Corporate headquarters. Jamaica Center has the headquarters of one significant corporation, the Long Island Rail Road. Though dwarfed in a Region of Fortune 500 headquarters, the LIRR is a substantial building block for an office cluster.

Most corporations have located their headquarters either in Manhattan or close to where top executives live in the suburbs. Long Island, including Queens, has not attracted top corporate executives or their corporate headquarters, despite many handsome neighborhoods. Nor does Jamaica Center have major home-grown businesses whose growth and expansion could create a significant headquarters presence and reinvigoration, as Johnson & Johnson did for downtown New Brunswick and People's Savings Bank is doing in downtown Bridgeport.

Regional and district offices and small corporate headquarters, on the other hand, are well represented in Long Island: e.g., 71 insurance companies have regional or district offices in Nassau and Suffolk Counties, typically occupying 10,000-20,000 square feet of space, and such small headquarters and sub-headquarters make up one of the fastest growing office segments in the New York Urban Region.

TABLE 3.

RECOMMENDED OFFICE DEVELOPMENT GOALS FOR MARKET SEGMENTS

Corporate Headquarters	— — —
Public Sector — NYC	100,000
— NYS	250,000
Back Offices	900,000
Regional & District Offices, Small Firms Headquarters	850,000
Professionals	300,000
Incubator (new firms)	200,000
TOTAL	**2,600,000 square feet**

To get some further ideas about which types of firms will have the regional and district offices that Jamaica Center might potentially attract, RPA surveyed 44 major corporations about the geographical configurations of their internal administrative units and where the offices responsible for them were located. The findings are suggestive: two-thirds of the firms had regions or districts that included Jamaica Center. Some, especially in the office machine and computer products industries, had Long Island offices that covered various activities in Nassau, Suffolk, Queens and usually Brooklyn as well. Some examples: Addressograph-Multigraph has a branch office in Woodbury, Long Island, with 50 employees covering activities in Brooklyn, Queens, Nassau, and Suffolk Counties; IBM has four offices in Queens employing 300 people to cover its activities in Queens, Nassau, and Suffolk; Xerox has 100 office workers in Woodbury to cover all four counties of Long Island. For offices covering the four counties of Long Island, Jamaica is an efficient location—central to the population and accessible to the auto, where that is fastest, and public transit, where that is. The IBM situation is interesting because it suggests that a firm can have more than one office for a geographic area.

One-third used some definition of the New York Urban Region as an administrative unit. About half of these firms housed the management for these units in their corporate headquarters. Most of these firms tended to be in the consumer products industries, e.g., PepsiCo, Johnson & Johnson, Iroquois Brands, Burlington Industries, National Distillers, although firms from the energy, communications and insurance industries were also included.

For 14 percent of the firms, Jamaica Center was in a multi-state regional unit. These are mostly insurance firms. GEICO, for example, has 1,100 workers in Woodbury, Long Island, covering activities in New York and New England. Equitable has a northeast service center in Milford, Connecticut, that covers claims from New Jersey to Maine.

For firms headquartered in Manhattan, there is a strong propensity to handle local regional affairs in the home office; this implies that Jamaica Center should pursue non-Manhattan-based firms for the present. However, regional offices are "detachable," and as rents in Manhattan rise, there may be sufficient incentives for Manhattan-based firms to move their local regional offices away from headquarters. The survey indicates that office machines, computer products and insurance are industries from which Jamaica might recruit regional and district offices.

Another method of identifying potential industries from which Jamaica Center may best be able to recruit district offices or headquarters of small firms is from those benefitting from proximity to Kennedy and LaGuardia airports. Districts covering a large area, e.g., New England and/or the Middle-Atlantic states, doubtless involve travel by air. Some firms will be dependent on transportation of commodities by air. Listed on the next page are figures prepared by the Port Authority of New

York and New Jersey on the leading airborne commodity exports and imports in 1982 through the Port Authority's airports:

TABLE 4.

LEADING AIRBORNE COMMODITY EXPORTS AND IMPORTS IN THE PORT OF NEW YORK-NEW JERSEY IN 1982

EXPORTS

Commodity	Long Tons
Office machinery*	38,968
General machinery*	21,133
Electrical machinery*	20,368
Electrical motors & generators*	11,807
Scientific instruments*	11,295
Printed matter*	10,531
Machinery for special industry	9,161
Aircraft & parts	8,880
Telecommunications apparatus*	7,493
Pharmaceuticals	5,361

IMPORTS

Commodity	Long Tons
Clothing	48,521
Footwear	32,092
General machinery	18,175
Printed matter	11,909
Electrical machinery	10,748
Scientific apparatus	9,873
Office machinery	9,781
Telecommunications apparatus	9,563
Woven fabrics	9,117
Electrical motors & generators	8,769

*Leader in both exports and imports.

Source: Port Authority of New York and New Jersey

These figures provide a second indication that office machinery is a prime industry from which Jamaica Center might recruit regional and district offices.

Another possible way of capitalizing on Jamaica Center's proximity to the airports is suggested by the situation in the area surrounding Chicago's O'Hare Airport. Numerous firms in the diversified services, retailing, transportation and manufacturing industries have located offices there because of the ease of meeting with their out-of-town personnel without having to go downtown. Professional associations have also been attracted there for this reason. Local hotels have specialized in catering to conventions and conferences. The development of a conference center in Jamaica might help attract corporate offices and the many national non-profit organizations now in Manhattan but likely to be priced out as their leases expire. Universities have often led in the development of attractive conference centers; potential clients are attracted by the academic atmosphere and the access to university staff. This suggests making York College a leader in the development of such a project.

Regional offices for local utilities represent another opportunity for Jamaica Center. New York Telephone already has a major presence there.

Small corporate headquarters also might be attracted from those with chief executives living in the surrounding neighborhoods of Forest Hills, Kew Gardens, St. Albans and Jamaica Estates. A fairly sizeable number of people who own their own businesses live there. Many are in the garment, jewelry and Oriental rug businesses, as well as advertising, typesetting and similar office support functions. Jamaica Center would be 15 minutes or less from their homes. A dedicated effort should be made to recruit them to Jamaica Center.

A recent article in *The New York Times* (May 12, 1985) reported that developers are now being drawn to the outer boroughs, and they are finding their office market to consist of back offices, smaller firms now in inefficient work space and companies outside New York seeking a presence in the city but not at Manhattan rents.

In sum, for district and regional headquarters and small firms, Jamaica Center should stress its location: auto-oriented for the suburbs, public transit for the city and adjacent to the airports for larger regions requiring trips by air.

Corporate back offices are the most sought-after employment segment because many employees are in high-cost headquarters, e.g., computer services, data processing, claim payment processing, cashier activities, accounting, reservations, mail, reproduction and training.

Regional Plan estimates that about 65 million square feet of Manhattan central business district office space is occupied by back offices and that over 150,000 employees are particularly likely to be

moved (i.e., those in units of 500 employees or more. About thirty million square feet, 70,000 jobs, are in the brokerage, banking and insurance industries. It seems almost certain that there will be 40 to 45 million square feet of existing back office space available for decentralization from midtown and lower Manhattan.[10]

Manhattan-based firms already have located a substantial amount of back office space in the surrounding suburbs. An analysis of data from Public Service Electric and Gas in New Jersey and the New York State Department of Labor files reveals that between 1976 and 1983, back office employees of Manhattan-based firms filled 3.48 million square feet in northern New Jersey and 2.13 million square feet in Nassau, Suffolk and Westchester Counties. Some of these employees were moved from Manhattan, but a substantial number were added by the growth of operations; it is probably the growth and expansion portion of back office operations primarily that is now being located outside New York City. How rapidly back office functions are growing has not been calculated, but it seems reasonable to assume that the rate is parallel with other office employment growth. If so, about 10 percent of the 195 million square feet projected to be added to the Region's office stock by 2000—roughly 20 million square feet—will be for back offices. Adding the 40-45 million square feet that is eminently movable from midtown and lower Manhattan to the 20-million-square-foot growth anticipated indicates a substantial potential for back office location in the outer boroughs—and their competitors in New Jersey and suburban Long Island.

The motives that drive Manhattan-based firms to locate their back offices away from headquarters are price and growth. When growth initiates a search for additional space, high rent near headquarters suggests detaching back offices. At the moment, the first preference of corporations is the lower-rent areas in Manhattan, such as the Valley, Tribeca and the far West Side in the 30s. These locations have competitive rents, are close to headquarters and are central to the regional transportation system, so personnel do not have to relocate homes.

If, however, rents continue to rise in these lower-rent Manhattan office market areas and or the city's re-emphasized policy of favoring borough downtowns is enhanced in an office enterprise zone, the borough downtowns will likely attract some of the office employees that would otherwise have gone to these lower-cost Manhattan sites.

Recent interviews with realtors and corporate space planners indicate that Manhattan firms concerned about keeping their existing work force are more likely to be interested in New York City locations, while those hiring new employees are more likely to look for suburban sites.

The back office development target of 900,000 square feet by 2000 suggested for Jamaica Center would constitute about 1½ percent of the office space of Manhattan firms likely to be located away from corporate headquarters.

In a study of 14 financial and banking institutions for the New York City Public Development Corporation in the early 1980s, Julien Studley and Associates[11] found that there are three major criteria that corporate decision-makers use to evaluate potential back office sites: 1) employee satisfaction, 2) the available labor pool, 3) low costs. The report describes employee satisfaction in terms of a *safe* neighborhood that has a business-like environment, with the offices being in a nice building near adequate shops and restaurants and convenient transportation. According to one source, this was a positive and polite statement of the issue—employees definitely did not want to go to areas having high crime, high numbers of poor and unemployed, aging buildings and outmoded public facilities. Unfortunately, he added, the outer borough downtowns have just such an image.

Regarding the labor pool, the report noted that age and education were the two variables looked at closely. We are told that what the corporations really want is a large available pool of young suburban housewives, because despite numerous examples of corporate satisfaction with the outer-borough labor pool, many corporations apparently feel that suburban workers are more likely to have the proper work ethic.

If a potential site passed the employee amenities and labor pool tests, then costs became the determining factor. The report speaks about the price and terms of the real estate deal and claims that the New York City Public Development Corporation (PDC) can provide new office space in the outer boroughs at a price competitive with the suburbs through the use of various subsidies. Most executives Studley questioned felt that the outer borough rents would have to be about half of Manhattan rents in order to be competitive and for comparable space. Studley found that most individual back office installations occupied between

250,000 and 750,000 square feet, with a few going over one million square feet. Typically, these operations were housed on big floors—40,000 to 60,000 square feet—but they could go up to 160,000 square feet.

Between December 1983 and February 1984, Regional Plan conducted a mail survey of major corporations headquartered in Manhattan to determine how important various criteria are to them in evaluating potential back office sites. Over 150 questionnaires were sent out and 47 usable replies were received. Among other questions, the corporations were asked to classify 19 locational criteria as being either very important, important, not important, or very unimportant in their back office locational decisions. Table 5 shows their responses in percentage terms. Table 6 shows how the locational criteria ranked in importance after a simple indexing technique was employed on the responses of three groups: (1) all firms, (2) those that have moved some back offices out of Manhattan, and (3) those in finance-related lines of business such as brokerage, banking, and insurance.

The results, while broadly confirming the Studley findings, do suggest differences in emphasis.

TABLE 5.

THE IMPORTANCE OF 19 CRITERIA FOR EVALUATING POTENTIAL BACK OFFICE SITES ACCORDING TO 47 MAJOR CORPORATIONS HEADQUARTERED IN MANHATTAN

	Very Imp.	Important	Not Imp.	Very Unimp.	NA	Total %
a. Cost per square foot	77%	23%	0%	0%	0%	100%
b. Cost of electricity	45	45	9	0	2	101
c. 40,000 square feet plus floors	13	38	30	11	9	101
d. Secure and proximate parking	9	57	26	4	4	100
e. Mass transit access	43	49	6	0	2	100
f. Proximity to headquarters	6	60	32	2	0	100
g. Proximity of restaurants and shops	6	45	45	0	4	100
h. Safety and security in sourrounding area	53	47	0	0	0	100
i. Access to fiber optics cable to communicate with headquarters	17	45	30	9	0	101
j. Access to satellite communications systems	15	28	47	11	0	101
k. Direct micro-wave link to headquarters	13	30	37	11	0	101
l. Proximity to attractive neighborhoods where workers can live	2	66	32	0	0	100
m. Quality of labor pool within 30 minutes of site	31	51	6	2	0	100
n. Physical attractiveness of area surrounding site	11	78	11	0	0	100
o. Income of residents in area surrounding site	2	38	53	2	4	99
p. Reliability of electric power	60	38	2	0	0	100
q. Residential locations of back office worker force	11	62	23	2	2	100
r. Regulations on your business	37	38	23	2	0	100
s. Waterfront access	0	0	32	68	0	100

Source: Regional Plan Association, 1984.

May not equal 100% because of rounding.

The same six criteria rank as the most important whether we look at all firms, just those which have located back offices outside of Manhattan, or only those in finance-related businesses, although their relative rankings vary (see Table 5). Costs are two of the top six criteria: cost per square foot, cost of electricity, then mass transit access, safety and security, quality of the labor pool, and reliability of electric power. Cost per square foot was the most important locational criterion, but among the 12 firms that have located back offices from Manhattan, the cost of electricity was a close second. This suggests that the issue is really one of operating costs over the life of a project and not just the start-up building costs.

Back office operations, which are usually computerized, may also use very sophisticated communications equipment and require a large amount of dependable electricity. Power interruptions and voltage dips can play havoc with modern office machinery as well as close down the activity. Reliability of electric power was the second most important location criterion among all the firms surveyed, and among the financially-related firms it was very, very close on the importance index to the cost of office space (see Table 6).

TABLE 6.

HOW THE 19 BACK OFFICE LOCATION CRITERIA RANKED IN IMPORTANCE AMONG ALL FIRMS, THOSE THAT HAVE MOVED BACK OFFICES OUT OF MANHATTAN AND THOSE IN FINANCE-RELATED LINES OF BUSINESS

	All firms		Those that moved back offices		Finance related	
	Rank	Score*	Rank	Score	Rank	Score
a. Cost per square foot	1	177	1	183	1	176
b. Cost of electricity	4	135	2	175	5	140
c. 40,000 square feet plus floors	14	64	14	59	10	84
d. Secure and proximate parking	11	75	9	92	11	76
e. Mass transit access	4	135	6	117	5	140
f. Proximity to headquarters	12	72	12	75	13	68
g. Proximity of restaurants and shops	16	57	18	34	17	52
h. Safety and security in surrounding area	3	153	5	123	3	148
i. Access to fiber optics cable to communicate with headquarters	10	79	10	83	9	92
j. Access to satellite communications systems	15	58	14	59	13	68
k. Direct micro-wave link to headquarters	17	56	10	83	15	64
l. Proximity to attractive neighborhoods where workers can live	13	70	16	50	15	64
m. Quality of labor pool within 30 minutes of site	6	132	4	124	4	144
n. Physical attractiveness of area surrounding site	8	100	13	74	8	100
o. Income of residents in area surrounding site	18	44	16	50	18	36
p. Reliability of electric power	2	158	3	149	2	172
q. Residential locations of back office worker force	9	84	8	101	11	76
r. Regulations on your business	7	112	7	109	7	184
s. Waterfront access	19	10	19	10	19	10
	N =	47	N =	12**	N =	25

* Index ranges in values from 0 to 200. ** 5 x firms in this group were in finance related businesses.
Index = 2 (very important) + 1 (important)

Security is the third most important location criterion among all firms and fifth among those that have located back offices out of Manhattan. Back office operations often continue around the clock, with a significant number of female workers who may be coming and going from work during the middle of the night or work late into the evening. A firm will risk losing key back office personnel unless they can travel to and from work safely. These firms are also concerned about the security of their installations; they cannot tolerate possible damage to their equipment or, more importantly, damage or unauthorized access to their data bases. Thus, more and more of the large, sophisticated operations are looking for fortress-like installations. These security needs may translate into additional construction costs for special features and additional operating costs later for security personnel and equipment.

The location of parking relates to security. Recent research indicates that office developers prefer to locate parking first in garages beneath their buildings; second, in attached garages and, third, in garages across the street connected by overstreet walkways.[12]

Altogether, 15 conditions were deemed "important" or "very important" by over half the respondents: cost and safety by all; reliability of electric power by nearly all; public transit, electricity cost and attractiveness of the area by about 90 percent; quality of the labor pool and where they live by 82, 73 and 68 percent on three separate questions; nearby parking and proximity to headquarters by two-thirds; access to fiber-optics cable to communicate with headquarters (62 percent); at least 40,000-square-foot floors (52 percent); and proximity to restaurants and shops (51 percent).

Jamaica Center meets many of these specifications and can meet them all, though substantial changes will be needed to meet some.

Making cost of space and electricity competitive will depend on public policy. The mayor's program for reductions in occupancy and energy taxes for the outer boroughs is aimed at doing that.

Contrary to what many may think, land and development costs in the outer boroughs often compare very favorably with those in adjacent suburban areas, according to the Studley report: construction costs per square foot in the outer boroughs of $85; Westchester, $85; Nassau $85; Suffolk $80; Meadowlands (New Jersey) $80. But Studley found that real estate taxes per square foot for new office construction in the outer boroughs averaged $4.50 compared to the $1.25 to $1.75 to be found in the suburbs.

In a recent study, RPA also determined that if, as recommended, 900,000 square feet of private sector back office space were to locate in Jamaica, under existing tax laws they would pay an average of $9.16 per square foot in city taxes and an additional $3.22 in state taxes. Although most of these taxes are unrelated to real estate and are not imposed on a square foot basis, describing their impact in these terms clearly shows the disincentives the taxes constitute for locating in New York City and New York State.

The city and its Public Development Corporation (PDC) have adopted a policy of using public investment incentives such as tax abatements to match deals that developers find in the suburbs, and on PDC-owned sites, they are aiming to bring in new office space that will rent for about $20 per square foot compared to the $17 to $25 range found in suburban Long Island and the $16.50 to $20.50 range found in the Meadowlands.

As noted above, back office operations, especially the more sophisticated sort, are big users of electricity, and its cost and reliability are prime concerns in their locational decisions. According to Studley, Con Edison in 1982 was by far the most expensive source of electrical power in the Region; the costs per square foot for an equal amount of power were: Con Ed $2.01; LILCO $1.45; PSE&G $1.26. More recent information, however, reflects new Con Edison and city energy incentive programs and shows that Con Edison's rates for supplying electricity to core computer operations may be now among the lowest in the Region (see Table 7). While the Studley figures show, for example, PSE&G's costs to be 37.4 percent less than Con Edison's, the data in Table 7 show Con Edison's present rate to be 18 percent below PSE&G's.

LILCO's rates could soon equal or surpass Con Edison's as a result of the Shoreham plant unless New York State intervenes. Moreover, Con Edison maintains that rates in the Region will move toward its level as other companies, now approaching full capacity, are forced to invest in new plants.

Con Edison's excess generating capacity beyond minimum legal requirements is close to 19 percent; LILCO's is 2.7 percent and PSE&G's is 6.7 percent. Constructing new plants can lead to rate increases of as much as 75 percent.[13]

Viewed on a comparative basis, real estate costs are cheaper in New Jersey than on Long Island,

TABLE 7.

ELECTRICITY COST COMPARISON FOR COMPUTER CORE OPERATIONS
AT 43 WATTS PER SQ. FT. (EXCLUDES ASSOCIATED ANCILLARY SERVICES)*

Utility	Electricity Cost Rate Schedule Applied	Per Sq. Ft. Per Year
Con Edison	SC-9 Time of Day (T.O.D.) – High Tension	$32.44
Con Edison	SC-9 T.O.D. – High Tension Business Incentive Rate	30.57
Con Edison	SC-9 T.O.D. – High Tension Business Incentive Rate with NYC Energy Tax Reduction**	21.40
United Illuminating	Large General Service	28.37
Jersey Central P & L	Large General Service	27.27
Public Service E & G	High Tension T.O.D. Rate with Area Development Credit	26.10
Orange & Rockland	Primary High Tension T.O.D. Rate with Area Development Credit	26.00
Connecticut L & P	Limited Large General Service	21.72
New York State E & G	SC-7 T.O.D. Rate	17.93

* The load characteristics used in the comparison are based on the computer core operations of a specific Con Edison customer and cover only the computer equipment, the air conditioning for the computers and the lighting for the computer area. Electricity requirements for ancillary or support services such as administrative, mail, printing and cafeteria are not included. The requirements for the 140,000 square foot computer core are 43 watts per sq. ft., about seven times the normal energy requirements of a conventional office building. The load characteristics used are as follows:

	Summer	Winter
Demand	6,000 KW	5,700 KW
Energy		
Total	4,000,000 KWH	3,875,000 KWH
On Peak	1,700,000 KWH (42.5%)	1,650,000 KWH (42.6%)
Off Peak	2,300,000 KWH	2,225,000 KWH
Load Factor		
Average Month	93%	94%

** Regional Plan estimate.

Pricing was done by the individual utilities at their most favorable rates including area development or business/economic incentive rates where applicable.

For Time-of-Day rates (T.O.D.), usage was assumed to be constant at all hours as this is a high load factor customer, and each utility was asked to prorate kilowatt-hours into time-differentiated rating periods based on the ratio of the number of hours per week in each rating period to the total number of hours in a week (168). Maximum demand was assumed to occur on peak.

Low tension rates are used unless otherwise indicated.

Sales taxes are excluded.

Source: Con Edison, 1984, except as noted.

where costs, in turn, are currently cheaper than those in Jamaica. While rents for prime space in Bergen County are about the same as in Nassau, rents in other northern New Jersey counties are cheaper. New Jersey now offers the strongest cost competition, and while it is very conceivable that Jamaica could compete successfully with Nassau on a cost basis, New Jersey presents tougher competition.

The sharp reductions in taxes needed to bring the cost of doing business in the outer boroughs to the levels in other parts of the Region are certainly justified as long as the taxes remaining after the cuts are a net increase over what the city would get had the firm not located in the city.

Because New York City taxes are high compared to the rest of the Region, the city should concentrate its incentives in areas where the city can compete on non-price qualities, those provided by compact business centers served by public transit, offering related activities right at hand, such as restaurants and stores, business services including lawyers, accountants and business machine repairers, a library, higher education, health clubs, doctors, dentists and hospitals as well as a large labor force within walking distance. These are qualities a borough downtown such as Jamaica Center can offer, while few of the other parts of the city can.

As to electricity reliability, Con Ed believes it offers the most reliable service in the world when measured by the number of interruptions per 1,000 customers served each year. Con Ed claims that statistics confirm it has the best record in this regard of any electric utility in New York State or among those serving the nation's 20 largest cities. Concerning voltage dips, there are no comparable data, but these are associated with electrical faults, so, according to Con Ed, its low interruptions record would work in favor of its having fewer voltage dips, but because of the density of users on its wires, more users would feel the effects of a fault like voltage dips than in other systems. Con Ed says that a customer is likely to experience a 25 percent voltage dip lasting 100 milliseconds about once or twice a month, and a similar dip lasting 500 milliseconds about once or twice a year. Battery power supplies, line voltage regulators, and other types of equipment are readily available to protect computers from short-term power disruptions and fluctuations, and are now used as a matter of standard practice in almost all large computer installations.

Data supplied by the New York City Energy Office support Con Edison's claim of providing highly reliable service. According to the Energy Office, in 1982 the ratio of Con Ed electricity users experiencing a power interruption was 101 per 1,000, while ratios for other utilities in the Region were Orange and Rockland 1,690/1,000; LILCO 980/1,000; and PSE&G 610/1,000.

Some Manhattan firms located their backup (duplicate) data processing and communications facilities outside of Con Edison's system for dependability. For example, J.P. Morgan and Company placed its backup facilities in Delaware to "escape the grid." The bank explained:

> "With a computer operation, reliability is of even greater concern than cost. If the public supply of power fails, we expect to have redundancy set up; if power fails, we expect business to continue."

Dependability also suggests to some firms that backup computers be outside the reach of transportation strikes that might encompass their main operation.

Nevertheless, major firms are keeping their principal data processing units within the Con Edison service area. However, they do seem to be establishing duplicate facilities in another grid in order to protect the reliability of their processing capacity, and firms in those grids' desiring reliability will likely require similar redundancy.

Looking now at the other qualities deemed very important and important:

Security. The best solution to this real and perceived problem is more people on the streets; this will result as the development this report recommends is achieved. In the meantime, added police in key locations will be needed, and Regional Plan will be working with Jamaica Center organizations and businesses on steps to combat the image and reality of crime, in a separate program.

Interviews with corporate decision-makers showed that they perceived Jamaica as having a crime problem and that they would not locate there because of the risk of resignations by key personnel.[14]

A survey of shoppers in Jamaica found that 67 percent considered uncertainty about security a deterrent to shopping there. Jamaica has some of the signs that, according to research, the average citizen associates with the presence of crime: it is a predominantly low-income shopping area; important structures are vacant and boarded up;

graffiti is pervasive; and there are some single-occupancy apartments for transients. King Park is still suffering the residue of a bad reputation it gained when two methadone clinics—now gone—were in the vicinity.

To the immediate south of Jamaica Center there is still a geographically small but active area for dope-pe- 'ing and prostitution.

The Citizens Crime Commission of New York City and RPA, in their recent report on "Downtown Safety, Security and Economic Development," concluded that a significant part of the remedy for combating downtown crime is simply to bring more orderly, law-abiding people downtown. The major findings of this study as reported in the November 30, 1985 newsletter of the National Council for Urban Economic Development were that:

> ". . . fear of crime disrupts a downtown's economy primarily by altering the way people behave when they get there. While fear may not keep people from coming downtown, it reduces the distances they are willing to walk on the streets, promotes downtown desertion after five o'clock, and increases auto use and the demand for close-by parking.
>
> "Dense and compact development increases the concentration of orderly pedestrian activity and creates a more attractive core area, minimizing the fear of crime. In contrast, specialized enclaves of activity areas dominated by government, cultural or retail facilities, for example impede this compact development and make it more likely that an area will be deserted during certain hours.
>
> "A multi-functional area, particularly the combination of housing and mixed-use development, is seen as an important way to improve downtown security. Not only does it increase pedestrian traffic and make it more likely that the area will be maintained, the report notes, but such development also supports evening retail, restaurant and cultural activities."

Labor supply. Labor supply and public transit interact. Using a methodology based on median travel times to work for residents in Queens and Nassau Counties to estimate the office labor pool, RPA found that Jamaica Center has 184,000 executive, administrative and managerial personnel and 350,000 administrative support persons to draw upon. While most of this large labor pool comes from Queens (326,761), it also includes over 90 percent of Nassau's executive-managerial cadre.

Manpower projections indicate that firms will be needing additional office workers over the coming years. In 1982, RPA projected a need to shift "216,000 people into white collar occupations" in the 1980s, about half from blue collar and service jobs and about half unskilled without job

TABLE 8.

JAMAICA CENTER'S OFFICE LABOR POOL

Type of office worker	Queens County Number	Queens County Percent of county total	Nassau County Number	Nassau County Percent of county total	Total Jamaica office labor pool
Executive, administrative & management personnel	96,426	100	87,886	92.8	184,312
Administrative support personnel incl. clerical	230,335	100	122,668	90	353,003
TOTALS	326,761		210,554		537,315

Source: Regional Plan Association

experience. Black workers had been getting the largest share of these increasing professional, managerial, clerical and sales jobs. In the 1970-80 decade, the Region's employed labor force in those jobs increased by 373,000; blacks were 331,000 of these. The increase in employed black professionals, managers, clerical and sales employees was 80 percent in the 1970s.[16] York College is one of the generators of added office workers–right in Jamaica Center.

The public transit network gives Jamaica Center a competitive edge in attracting the office workers living all around it. 42 bus routes converge on Jamaica Center from Queens and Nassau Counties; the IND E and F subway lines stop at stations at Sutphin Boulevard, Parsons Boulevard and 169th Street; 50,000 riders enter the three stations each weekday. The new Archer Avenue subway will have IND and BMT trains with stops at Sutphin and Parsons Boulevards. All LIRR lines except the Port Washington stop at Jamaica Station, carrying 75,000 commuters to Manhattan every weekday. Working in Jamaica would save these commuters 40 minutes travel time each day and over $600 a year in fares. Outcommuters from Mahhattan can be in Jamaica Center in 20 minutes from Penn Station.

By car, Jamaica Center is within five minutes of both the Grand Central Parkway and the Van Wyck Expressway, but a clearer and easier path would benefit the Center–immediately, signs sending drivers there and, over time, a more direct and easier route. Once in Jamaica Center, the driver will find nearly all streets repaved and 6,215 parking spaces, 4,394 off-street. However, prospective tenants will look for improvements to serve an enlarged center. Most of the parking is in the retail sector, a few blocks from prospective office buildings. RPA proposes that every 1,000 square feet have 1.33 parking spaces–about 2,300 more by 1988 and another 2,400 in the 1990s.

For public transit riders, a more convenient link is needed between the LIRR station at Sutphin Boulevard and the old office core, including the new Federal Building and the Mack building to its east. Later office development should move toward the sutphin Boulevard LIRR station along Archer Avenue.

That is where Jamaica Center stands on the six conditions employers identified as the most important considerations in locating back offices. Looking at the other conditions that a majority of respondents felt are important:

Physical attractiveness was deemed important or very important by 89 percent. In recent years, many storefronts have been neatened, an office building has been smartly rehabilitated by Greater Jamaica Development Corporation along with over 1,250 apartments, many streets are repaved and burned stores on the Mall have been reopened, greatly improving Jamaica Center's appearance. But many signs of indifference remain: some ill-kept storefronts that blaze constant sale signs and spread their merchandise almost out to the curb like peddler stalls; dreary side streets with empty buildings; graffiti.

However, significant improvements are planned or in progress: completion of the Federal Building and core York College Building; refurbishing of King Park and King Mansion, major amenities; College Gate, a revitalization of Union Hall into a restaurant-boutique street between Jamaica Avenue and York College, through a bright passage under the LIRR. As stores and office buildings are built or brought back to life, both the appearance and spirit of Jamaica Center will improve. Cleaned-up city-owned lots would be an important contribution.

Communication to headquarters, face-to-face and via fiber-optic cable, was identified as important by two-thirds of the respondents. Here, Jamaica Center offers great advantages. The fiber-optic cable will link Jamaica Center to Manhattan and other parts of the Region this year. The cable is not intended to go beyond Jamaica Center to the Long Island suburbs. Jamaica's 20-minute LIRR trip to Penn Station, Manhattan, or 35 minutes by subway to 53rd and Lexington is a great advantage over offices along highways that do not have a public transit link to Manhattan. An auto trip to Manhattan can be quite hectic since traffic there is now extremely slow all day.

A majority of respondents also favored floor sizes of at least 40,000 square feet. Land available in Jamaica Center could provide such buildings.

Professional office space. At one time, Jamaica Center was a major location for members of the legal and medical professions. Today, there are 52 law offices employing about 150 lawyers in Jamaica Center, or about 30 percent of the lawyers in the Jamaica postal district. There are two and one-half times as many with offices around Queens Borough Hall in Kew Gardens, where space is becoming hard to find and rents are rising. Moving the Civil Court to Jamaica Center, together with the Supreme, Family and Surrogate Courts that are already there,

will provide a very strong incentive for more lawyers to locate in the area. Additional incentives are provided by the offices of the Queens Bar Association and the nearby location of the St. Johns University Law School. Already, 21,330 cases are heard in Jamaica Center each year, and most of Queens' 2,000-plus attorneys have business there.

Although there are 310 doctors associated with Mary Immaculate Hospital, which is in Jamaica Center, and approximately another 500 attending Jamaica Hospital and Queens Hospital Center, which are very close, Jamaica Center now provides offices for only 32 doctors. Similarly, there are only 32 dental offices in Jamaica and only eight offices dealing with bookkeeping and accounting.

Certain professionals have special location needs. Those with clients coming throughout the day will want reserved parking very near by. Doctors need particularly attentive security because they often have drugs and expensive equipment in their offices.

Based on these figures, goals of 50 new legal and 50 new medical offices would not appear to be unreasonable. At 1,500 sqdare feet each, they would account for 150,000 square feet of office space. Their presence would also stimulate various ancillary legal and medical offices—for example, process servers, legal secretaries and medical labs—as well as other professionals (podiatrists, chiropractors, dentists, accountants) to locate there. They could account for an additional 150,000 square feet.

Office incubator—investing for the future. One of the problems Jamaica confronts is that it does not have the homegrown businesses which can supply money and leadership to a revitalization process. There are no private office functions likely to expand. For Jamaica's future, it is important to recruit, germinate and nurture new firms such as importers/exporters, advertising, marketing or manufacturing companies. Interface reports that Jamaica is a good industrial incubator. Such activity would secure York on the south and provide some needed jobs for the area, and provide additional demand for business support services in Jamaica Center. It also might spawn a decent-sized firm or two that would headquarter in Jamaica.

An office incubator building, a concept that should be investigated for Jamaica Center, might have on each floor a suite of one-room offices clustered around an area for shared secretarial, telephone, conferencing and reproduction facilities. A new firm could rent one or more rooms depending on its need. Each incubator firm would also have access to a shared mini-computer and a shared computerized bookkeeping system. Free consultation from the business administration staff of York College and the city's Apple Corps would be available to each firm. Thus, the incubator would address two key problems of new firms by enabling them to have comparatively low initial operating costs—which will lessen their initial capital needs—and access to advisors with strong business experience.

While most incubator projects tend to emphasize manufacturing and high-tech firms, some do include "office" firms. The Chinese Economic Development Council in Boston, for example, has created the China Trade Center as a small business incubator. Of the 50 initial firms, 20 were retail firms, 15 industrial and 15 office uses. Two of the business start-ups being fostered by the developer are an international marketing firm and a word processing firm.[17]

The goal here is by 2000 to stimulate the development of new firms in Jamaica Center which, after they have matured, will stay there and occupy, together with those still in the "incubator" stage, 200,000 square feet of office space. This would mean spawning 10 firms occupying 15,000 square feet each, over the rest of this century.

New York City and State government offices seem to many to be mere pawns in the game of economic development used to leverage private office development where job growth is needed. Consequently, they are fought over in the political arena with talk of doling them out in pork-barrel fashion. But city and state offices have location needs that are just as important as private office workers'. As city and state governments decentralize—like private back offices, to escape Manhattan's high rent—the benefits of clustering city and state offices close to each other should be kept in mind as little of those benefits as possible should be lost in decentralizing. The value of those benefits was a major argument for putting state offices together in the World Trade Center. By clustering significant portions of city and state offices in the borough downtowns, with their good rail links to Manhattan and, in the case of Brooklyn and Jamaica, to each other, the links among departments and to City Hall and to the state offices that remain in Manhattan will be maintained in the best possible fashion. Jamaica is particularly appropriate for the location of state offices because of its rail link to almost all of Long Island as well as to Brooklyn and Manhattan.

Nevertheless, the value of public jobs as leverage to private jobs should not be overlooked in the borough downtowns. The office force that thereby might be moved is substantial.

New York City government has 1.81 million square feet of its Manhattan office leases coming up for renewal in the 1983-85 period. Only about 293,000 square feet will come up for renewal in the 1986-89 period, but city offices have moved out prior to the expiration of their leases. The borough president's office has been committed to getting a substantial portion of this space for Queens in general and Jamaica in particular. These efforts have already shown results: it has been announced that 800 city office workers will be moving to the Gertz project in Jamaica Center, where they will occupy about 130,000 square feet. Another 100,000 square feet of city leases would help provide Jamaica with the core redevelopment area it needs.

New York State has office tenants occupying 2.33 million square feet of the World Trade Center who are soon expected to move out; 220,000 square feet of this has been pledged for the Gertz project. We recommend that another 250,000 square feet of state space be pledged for the Mack project. Together, the 470,000 square feet for Jamaica would represent about 20 percent of the World Trade Center total.

IV. THE RETAIL POTENTIAL

Our thesis is that Jamaica Center could regain some of the share of shoppers it once had from its surrounding neighborhoods. Now it primarily serves the low-income residents of surrounding neighborhoods and secondarily the rest of the trade area. But the trade area also has a large contingent of higher-income residents. People naturally shop where it is closest and most convenient if they can find what they want and there is no unusual attraction a little farther away. If a large number of Jamaica Center merchants add merchandise that higher-income shoppers want to buy and present it in a fashion that appeals to them, and if the changes are advertised changes not only in Jamaica Center's stores but in its safety and ambience generally there is reason to believe that surrounding neighborhoods would shop there, the center closest to them. But how can this metamorphosis be started? The new office workers can start it, they will be ready to buy if the stores and merchandise appeal to them. And they are the kind of people who are living in the surrounding neighborhoods.

That's the thesis. Here are the facts.

An analysis of Jamaica Center's trade area. The geographic area from which a retail center draws its customers is known as its trade area. The area is usually defined by surveying shoppers in the retail center, finding out where they live and then drawing the boundaries to include the 60 to 75 percent of the respondents living closest to the center. While this method defines a geographic area where the bulk of a center's customers come from, it does not mean that 60 to 75 percent of the residents of that area shop at that center. Moreover, from a socio/economic perspective, a trade area can have a heterogeneous composition, and the retail center, because of the way it has positioned itself or because of transportation patterns, may attract shoppers from only one or two of the available market segments.

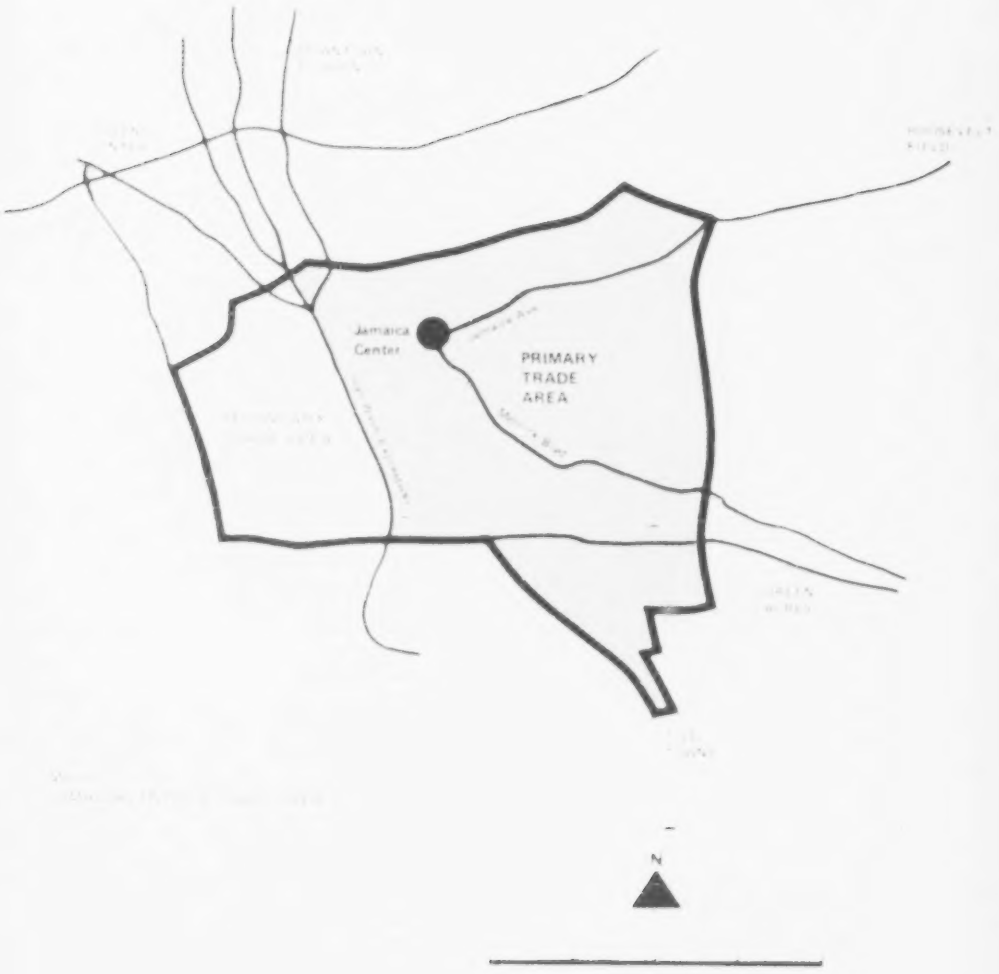
Theoretically, a retail center can increase its sales in one of three ways: by getting current shoppers to spend more in its stores; by getting more people from the existing trade area to shop at the center; or by getting shoppers from a wider area, enlarging the trade area boundary. Again, theoretically, this can be accomplished by expanding the variety and quality of goods and making the shopping ambience competitive with that of rival shopping centers.

In 1981, Hammer, Siler, George completed a retail market study for the Greater Jamaica Development Corporation for which they conducted two shoppers surveys in Jamaica Center.[18] The first, conducted in November 1980, obtained a total of 557 responses while the second, conducted in January 1981, after the closing of the Gertz Department Store, had 486 responses. Through an examination of the respondents' zip codes, Hammer, Siler, George concluded that Jamaica Center's trade area was delineated by the Grand Central Parkway on the north, Nassau County on the east, Belt Parkway on the south and Woodhaven Boulevard on the west. They found that the trade area's boundaries "were virtually unchanged as a result of Gertz's closing."

Regional Plan's retail analysis builds upon the Hammer, Siler, George findings. For our purposes, we have divided the trade area they identified into primary and secondary portions, with the Van Wyck Expressway the divider. The primary trade area contained 62.7 percent of the November 1980 survey respondents and 56 percent of the January 1981 survey respondents. Comparable figures for the secondary trade area were 21.9 percent and 13 percent. So Jamaica Center's attraction was weakened somewhat on the fringes with the closing of Gertz, while the share of shoppers residing in and around the downtown increased from 13.8 percent to 20.7 percent.

Shopping analysts ordinarily distinguish the race of people surveyed in an area; we include those data. However, our observations suggest that race is increasingly irrelevant to Jamaica Center's retail potential. Middle-income black neighbors shop elsewhere; lower-income white neighbors shop there. More and more, Hispanics and Asians are increasing in numbers in the city's and Region's population. Given the office worker base people who will be in the Center because of their job and the mixture of races in the trade area, RPA anticipates that Jamaica Center will be attracting shoppers of all races and of a wide income range, retaining and better serving its low-income clientele while adding middle-income shoppers.

Trade area and the capture rate, past and potential. The trade area had a population in 1980 of 363,000, of which 31 percent were white, 62 percent black and 18 percent Hispanic (Table 9). The secondary trade area had a population of 129,000, of which 80 percent were white, 14 percent black


Jamaica
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and 18 percent Hispanic. (Some Hispanics are also counted as black or white so totals are greater than 100 percent.) Together, the existing trade area had a population of 492,000, of which approximately 56 percent were black or Hispanic.

The decline of Jamaica's retail center has been accompanied by a geographic shrinkage of its trade area. A 1972 retail market study found shoppers coming from the area north of Union Turnpike, whereas the 1980 and 1981 surveys found none out of almost 1,000 shoppers interviewed. If we look at the population of the closest portion of the area that Jamaica is no longer able to penetrate, we find it had a population of 135,562 in 1980, of which 89 percent were white.

Within the existing trade area, census figures demonstrate a significant change in the racial mix. In 1960, the population of the current trade area was 80 percent white, in 1970, 63 percent, by 1980, 44 percent. Thus, the contraction of Jamaica's trade area has been accompanied by a growing percentage of blacks in its population.

According to census data, the average household income in Queens in 1979 was $19,881, and we estimate that by 1982, this had increased to $26,442.[19] The figures for the entire trade area, $19,879 and $26,937 respectively, are almost identical (See Table 10). The strong middle-income presence in Jamaica's trade area is reflected in the number of high quality residential neighborhoods it contains, such as Jamaica Estates, Holliswood, Saint Albans, Richmond Hill North and Kew Gardens. This suggests that the existing trade area has a very substantial potential that Jamaica Center's retailing with the correct strategies might be able to tap. But Jamaica's trade area also contains a significant number of lower-income households. The most significant concentration of these poorer households is in the area immediately south of Jamaica Center. This comparatively small area, with about 4,200 households and 14,400 people, had an average household income in 1979 of $12,958 (see Table 11), which is about two-thirds the average for the trade area as a whole.

TABLE 9. JAMAICA CENTER'S TRADE AREA POPULATION BY RACE

Areas	Total Persons	No. White	No. Black	No. Hispanic
Primary Trade Area	363,147	111,568 (30.72%)	225,244 (62.03%)	37,116 (10.22%)
Secondary Trade Area	128,811	103,586 (80.42%)	18,042 (14.00%)	23,702 (18.40%)
Combined Primary and Secondary Trade Areas	491,958	215,154 (43.73%)	243,286 (49.45%)	60,818 (12.00%)
Combined Primary, Secondary, & Potential Expansion Area	627,520	335,145 (53.42%)	249,636 (39.78%)	69,804 (11.12%)

* Percentages across equal more than 100% because some Hispanics are double-counted as either blacks or whites.

Source: 1980 Census, Regional Plan Association

TABLE 10. JAMAICA TRADE AREA HOUSEHOLD INCOMES

	No. H'holds (1980)	Av. H'hold Income (1979)* **	Av. H'hold Income (1982)***
A. Primary Trade Area	117,675	$20,254	$26,937
B. Secondary Trade Area	47,974	$19,167	$25,492
C. Total Existing Trade Area (=A+B)	165,649	$19,879	$26,439
D. Potential Expansion Area	54,935	$24,717	$32,873
E. Potential Trade Area (=C+D)	220,584	$21,084	$28,041

* Average household income for the Borough of Queens in 1979 was $19,881; estimate for 1982 is $26,442.

** based on 1980 Census data.

*** estimates based on 1980 Census data and data increases in real incomes.

TABLE 11.

KEY AREAS IN AND AROUND JAMAICA CENTER

Jamaica Center (Hillside, Sutphin, 169th Street, Liberty)

Average Household Income (1979)	$13,209	
Total Household Income (1979)	$86,112,609	
Total No. of Dwelling Units	6,702	
% of Occupied Housing Units	97.27%	
% of Vacant	1.92%	
% of Boarded up	.81%	
		Percent
Total Persons	16,598	
White	5,975	36.02%
Black	7,283	43.90%
Hispanic	5,225	31.48%
Total Female Heads of Households (with children under 18 years old)	1,125	
Total No. of Households	6,519	
% of Female Heads of Households	17.26%	

Jamaica Center South (Liberty, Sutphin, Merrick, Linden)

Average Household Income (1979)	$12,958	
Total Household Income (1979)	$55,307,282	
Total No. of Dwelling Units	4,575	
% of Occupied Housing Units	93.29%	
% of Vacant	4.66%	
% of Boarded up	2.06%	
		Percent
Total Persons	14,403	
White	393	2.73%
Black	13,714	95.22%
Hispanic	479	3.33%
Total Female Heads of Households (with children under 18 years old)	912	
Total No. of Households	4,268	
% of Female Heads of Households	21.37%	

Source: Regional Plan Association

TABLE 12.

SHOPPING GOODS EXPENDITURE POTENTIALS

	1982
A. Primary Trade Area	$475,000,000
B. Secondary Trade Area	$183,000,000
C. Total Existing Trade Area (=A+B)	$658,000,000
D. Potential Expansion Area	$270,000,000
E. Potential Trade Area (=C+D)	$928,000,000

Source: Regional Plan Association

There are reasons to view Jamaica Center's retail capture rate as fairly low. A typical suburban shopping center in the United States might reasonably expect to have a 65 percent rate from its trade area. In New York City, because of the power of the Manhattan retail stores and the proximity of a number of suburban malls, the capture rate might be expected to be lower. The rate for Queens retailers as a whole is approximately 50 percent, and a recent study claims that the capture rate for Rego Park/Queens Center shopping area is in that vicinity. These figures demonstrate that there is considerable potential for expanding Jamaica Center's retail sales if it could increase its capture rate in its existing trade area and expand the borders of its present trade area to where they used to be, encompassing an area within 20 minutes of Jamaica.

Given the existing competition of Green Acres, Roosevelt Field and Queens Center (Map 2), it would be unwarranted to expect a 50 percent capture rate for Jamaica Center in its existing trade area. But the current capture rate is so low that potential for some improvement is apparent. If for purposes of illustration we use a 30 percent capture rate for the trade area, this would mean an annual retail sales volume increase of $65 million. This increase would translate into about 325,000 square feet of retail space having annual sales of $200/square foot.

If Jamaica could once again penetrate into the area between the Grand Central Parkway and the Long Island Expressway,[20] though admittedly this will be difficult, it could reap additional retail sales. This area is surrounded by other retail areas such as Queens Center, Flushing, Manhasset and Roosevelt Field, but it is only the primary trade area of one, Fresh Meadows, which is relatively small.[21] It is very close to Jamaica Center and easily reached by car and bus. The reasonable expectation here is that Jamaica could capture a minority share of this market just as Queens Center does now; the shoppers survey suggests it has none at the moment. But if, for illustrative purposes, we use a five percent capture rate, expansion into this area could reap additional annual sales of $14 million, which would translate into 70,000 square feet of retail space having sales of $200/square foot.

We believe that Jamaica Center's ability to penetrate this area's retail market is possible because: 1) a 1972 retail market study by Perry Meyers found that Jamaica was then attracting shoppers from these neighborhoods; 2) the proximity to Jamaica Center and the connecting bus and auto links remain, and 3) survey evidence (explained below) suggests that residents of this area are already going to Jamaica Center, though not to shop. But to successfully penetrate this market, even in a minor way, will require Jamaica's retailers to provide a more up-scale retail and merchandise mix appropriate to the household incomes in these neighborhoods.

TABLE 13.

HOW MUCH QUEENS OFFICE WORKERS REPORTED SPENDING IN ONE WEEK FOR VARIOUS RETAIL ITEMS IN STORES NEAR THEIR OFFICE BUILDING

Lunch	$5.90
Drug Store items	5.20
Grocery Store items	6.47
Snacks, Tobacco	2.43
Clothes, Gift items	10.94
Dinner	2.17
TOTAL	**$33.11**

Source: Project for Public Spaces, Inc.

Additional office workers can contribute significantly to Jamaica's future retail sales and start off the expansion of goods offered. If the office development goals Regional Plan is recommending are achieved, there will be 21,000 office workers in Jamaica by the year 2000. Current survey data indicate that office workers in Queens spend $33.11 per week or over $1,500 a year in shops and restaurants in the vicinity of their place of work (see Table 13). This translates into a potential of about 175,000 square feet of retail space having annual sales of $200/square foot.[22]

As can be seen in Table 14, office development, increasing the capture rate in the existing trade area and increasing the boundaries of Jamaica's trade area, would mean a potential $114 million

increase in annual retail sales, about doubling today's, and that could support 570,000 square feet of retail space with sales of $200/square foot per year.

TABLE 14.

POTENTIAL INCREASES IN RETAIL SALES IN JAMAICA CENTER, 1985-2000 (in 1985 dollars)

Source	Add'l Retail Sales Pot'l	Sq. Ft. of Retail Space @ Sales of $200/sq.ft./year
Office Employment Tot. 21,000 by 2000	$35,000,000	175,000
Increase Capture Rate in Existing Trade Area to 30 percent	65,000,000	325,000
Expand Trade Area to L.I. Expressway	14,000,000	70,000
TOTALS	$114,000,000	570,000

Source: Regional Plan Association

Who Shops in Jamaica Center Now?

In June 1984, Regional Plan conducted a randomly selected survey of 198 households in Jamaica's trade area as part of its Downtown Safety, Security and Economic Development Program with the Citizens Crime Commission of New York City.[23] A sample of this size has a margin of error of +/– seven percent at the .05 confidence level. The major objective of this survey was to determine the image trade area residents have of Jamaica Center.

As can be seen in Table 15, the survey found that 23.7 percent of the residents in the trade area visited Jamaica Center at least once a week, 11.1 percent about once a month, 35.9 at least once in a while; only 28.3 percent said they never came to Jamaica Center. This visitation rate was comparable to those found by similar surveys of Downtown Brooklyn and Fordham Road and to those revealed by trade area marketing surveys conducted for downtown Cleveland, Ohio, and uptown Charlotte, North Carolina.

More prosperous trade area residents are almost as likely to visit Jamaica Center as poorer residents. (A statistical analysis showed a weak correlation of .1509, significant at the .02 level, between respondents' incomes and how often they said they visited Jamaica Center.) The survey also suggests that Jamaica has the traffic to support more heterogeneous merchandise mixes: about 47 percent of those visiting Jamaica Center more than once a month have household incomes in excess of $25,000 per year.[24]

TABLE 15.

HOW RESIDENTS IN THE TRADE AREA GENERALLY PERCEIVE JAMAICA CENTER

Survey Questions		
How often do they go downtown?		
Once a week		23.7
Once a month		11.1
Once in a while		35.9
Never		28.3
	Total	100%
Think it likely/unlikely they will find merchandise they want shopping in their downtown?		
Likely		53.0
Unlikely		37.9
Don't know, etc.		9.1
	Total	100%
How attractive they feel their downtown is		
Very attractive		1.5
Attractive		24.7
Unattractive		50.0
Very unattractive		18.7
Don't know		5.1
	Total	100%
Ease of visiting their downtowns compared to other commercial centers		
Much easier		15.7
Easier		60.1
Harder		16.7
Much harder		6.6
Don't know		1.0
	Total	100%
Likelihood of being among the type of people they want to be among when they shop downtown		
Very likely		3.0
Likely		33.3
Unlikely		42.9
Very unlikely		11.6
Don't know, no answer		9.1
	Total	100%
		N=198

Source: Regional Plan Association

TABLE 16.

SURVEY OF DOWNTOWN JAMAICA SHOPPERS
PRE- AND POST-GERTZ CLOSING,
NOVEMBER 1980 & JANUARY 1981

	Nov. '80*	Jan. '81*
Primary reason in Jamaica?		
Shopping	89.7%	80.2%
Work	3.5%	8.2%
Transportation	2.0%	0.3%
Personal	3.9%	7.0%
Other	1.1%	4.3%
How often do you shop on Jamaica Avenue?		
Once a week	56.5%	51.5%
Once every two weeks	22.9%	21.7%
Once a month	10.5%	16.6%
Once every few months	5.7%	8.6%
Once a year	2.4%	0.8%
Never	2.0%	0.8%
When you are shopping for shoes, clothing, household items and other such items, which shopping center do you visit most often?		
Queens Center	16.3%	
Green Acres	15.4%	
Roosevelt Field	7.7%	
Kings Plaza	5.7%	
Jamaica Center	29.3%	
34th Street	7.7%	
Lexington Avenue	4.5%	
Five Towns	4.8%	
Manhasset	2.0%	
Paramus	1.1%	
Flushing	1.8%	
What do you consider the major problems about shopping on Jamaica Avenue?		
Inconvenience	1.1%	1.6%
Lack of parking/congestion	2.2%	5.6%
Merchandise selection/quality	36.4%	53.7%
Safety/security	45.4%	67.5%
Cost of parking	3.9%	4.9%
Lower prices elsewhere	7.0%	
Too few stores	8.3%	6.8%
Limited store hours	13.3%	47.5%
Other	5.4%	0.2%

	Nov. '80*	Jan. '81*
How did you get here today?		
Walk	9.8%	14.3%
Automobile	27.1%	19.8%
Bus	61.3%	59.5%
Taxi	1.1%	1.3%
Subway/other	0.7%	5.0%
Sex		
Male	26.8%	30.0%
Female	73.2%	70.0%
Ethnic		
Black	57.5%	65.9%
Hispanic	8.0%	6.4%
White	32.7%	26.7%
Oriental	1.8%	1.0%
Estimated age		
Under 21	5.2%	13.2%
21–40	59.5%	52.7%
40–65	33.9%	31.5%
Over 65	1.4%	2.6%
Income levels		
Under $9,000		10.6%
$ 9,000–$13,000		36.8%
$13,000–$17,000		33.5%
$17,000–$21,000		10.6%
$21,000–$25,000		3.2%
$25,000–$30,000		0.6%
Over $30,000		0.6%
Unemployed		3.9%

* Sample size of November 1980 was 557 respondents; the size of the January 1981 sample was 486.

Source: Hammer, Siler, George Associates

The 1981 shoppers survey shown in Table 16, however, indicates that shoppers in Jamaica are predominantly low-income; over 80 percent of the shoppers report incomes below $17,000 per year, and only about one percent report incomes over $25,000 per year. Moreover, while in eastern Queens there is a high level of auto use, the survey showed that all but 20 percent of Jamaica's shoppers arrived on public transit or on foot.

Thus, while Jamaica's trade area has many middle-income households and many members of these households visit Jamaica Center, they do not shop there. A survey conducted by Artan Research[25] in 1982 for the Queens County Overall Economic Development Corporation indicates that these shoppers go instead to the malls in Nassau County. But middle-income persons do go to Jamaica to enter the subway, to visit government offices, to obtain medical or legal assistance or to go to college classes.

Jamaica's new office development and the improved retail mix it will stimulate promises to turn these middle-income visitors into shoppers. These developments can provide the customer base for the kind of attractive retail facility that is needed to draw shoppers with choice, i.e., those with a car. Car users in the trade area now have a wide array of retail options (see Map 2), and people nowadays travel well out of their immediate area to get to a particular shopping complex.

Apprehension about an area does not always keep shoppers away, as the Hammer, Siler, George survey showed, but they are primarily captive to an area to which they can walk or take public transit. Places like Orchard Street (Manhattan) demonstrate that people will, for a good buy, choose to go places to shop that they would not choose to go to, otherwise. Jamaica Center, however, does not have the wide choice of goods people might be attracted to. Over half of the shoppers there after Gertz closed said that merchandise selection and quality is a major problem about shopping on Jamaica Avenue. Enlarging that choice is important, and that can begin with the influx of office workers.

Appearance and amenities. Today, shopping is often something more than an excursion to purchase goods. It also can have strong social and entertainment functions. The suburban mall is now the place people go to take their evening "promenade" and meet friends—studies have even shown it to be a prime place to meet a future spouse. An attractive appearance, a place to sit comfortably and watch people go by or buy a pretzel or ice cream cone, and opportunities to have either a quick meal or a leisurely dinner are now important components of the shopping experience.

The chaos of storefronts, the dead sidestreets, with vacant stores, the presence of grimy, graffitied and often vacant old buildings presents an appearance that can not compete with Roosevelt Field, Manhasset or Queens Center/Rego Park. Jamaica now has not a single reputable restaurant and even lacks high quality fast food clusters like those in many shopping malls (including Albee Square and Queens Center).

The Regional Plan telephone survey revealed that Jamaica Center is seen as being neither attractive nor a place to go to be with people; about 69 percent of the respondents felt Jamaica Center was unattractive and 53 percent felt they were unlikely to find there the kind of people they like to be among (see Table 15).

The attractiveness of a downtown and the kind of people expected there best indicate statistically whether people feel their downtown is safe or not, according to RPA's Downtown Safety project.[27]

But in Jamaica both these factors will be changing rapidly. With the new subway, the new core buildings on the York campus, the renovation of the Gertz and Macy's buildings, the reconstruction of the stores on the 165th Street Mall, the rebuilding of Parsons Boulevard, 89th Avenue, Merrick Boulevard, Archer Avenue and Jamaica Avenue and the construction of the Federal Building, Jamaica Center will be more pleasant aesthetically, and the people arriving in the area will be the kind of people now living in the trade area but not currently shopping there.

Other attractions to go downtown. One study suggests that 52 percent of a downtown's shoppers go there initially for other reasons, such as working, visiting a doctor, lawyer, government agency, museum or library.[28] Jamaica Center has a number of institutions that attract people downtown, and some of them could attract even more people in the future. Whether these downtown visits benefit the whole downtown depends on the general image of the downtown the visitor comes away with.

The New York State Motor Vehicles Bureau daily draws approximately 3,000 people to Jamaica Center. But reports from local businessmen and area residents indicate that experiences at the Bureau are highly negative, generating vows that they will never come back to that office or to Jamaica. At the moment, the Bureau must be viewed as a liability.

The central library for the borough, housed in an attractive new building with a collection of over 800,000 volumes, could have many more users as

the ambience of Jamaica improves. Attracting new office workers through special programs, which need not be costly, would provide an initial increment in use, draw employees across downtown and contribute to the number of people in the area, making it more attractive to other people in the trade area to come as well. The library today is underutilized.

In New York City, college students do not typically spend much time in retail stores close to their college. But each year York College will bring 6,000 students to Jamaica on a frequent basis, most of them adult and employed.

The Jamaica Arts Center also is an underutilized asset. Highly regarded by those who know, its exhibits are well reviewed in *The New York Times* and other papers; it could attract even more people to Jamaica once the development tide has been turned. It, too, could develop presentations and classes geared to the new office workers.

Jamaica Center is particularly rich in history, another underutilized asset for Jamaica's retailing. A renovated King Mansion could attract visitors into Jamaica from areas even beyond its present trade area. Discussions on King Mansion's revival have included formulating special programs for Queens school children and Jamaica Center's office workers. Grace Episcopal Church and Graveyard, the Dutch Reform Church, Saint Monica's and other buildings in the area also are potential historical attractions.

The Farmers' Market is already a bustling weekend event in Jamaica, with farmers coming from considerable distances to sell their produce directly to local shoppers. As Jamaica Center revitalizes, the market will sell Jamaica to those coming to buy produce who look around.

The courts, Mary Immaculate Hospital and the doctors' and lawyers' offices in the area already draw many people to Jamaica Center. Moving the Civil Court to Sutphin Boulevard and the increase in legal offices it will stimulate should bring even more people to Jamaica.

By themselves, the people brought to Jamaica by these institutions cannot revitalize Jamaica's retailing. But once Jamaica Center does begin to improve visibly, this will increase the power of these institutions to bring people to Jamaica, and they, in turn, can give a significant boost to Jamaica's retailing. In other words, these central place institutions can help create an upward development cycle in Jamaica Center.

Getting to Jamaica Center. Three-fourths of the trade area residents responding to Regional Plan's 1984 survey said that Jamaica Center is easier for them to reach than competing shopping areas; one in six said "much easier." The 6,215 parking spaces, most of them convenient to the retail area, make the easy access real. So taking the steps suggested above to improve the sense of security and merchandise would be likely to draw more shoppers from that area. However, improved auto access from Grand Central and Van Wyck as a long-term goal could further strengthen the convenience advantage and, immediately, improved signs from highway exits could contribute to an accelerating impression of a change at Jamaica. As traffic in the suburbs intensifies toward the end of the century, LIRR access may prove even more valuable, and the recommendation of more frequent LIRR service could have even greater impact.

Types of stores. The 1981 study by Hammer, Siler, George found that many merchants believed a main cause of Jamaica's move toward the low-income shopper is that landlords sought to lease empty stores as quickly as possible and for as much rent as possible. As a result, many stores were leased to marginal operators who subsequently failed. This has led to high turnover, with each new rental bringing in a lower quality operation.

But now there is growing interest among retail chains in areas like Jamaica Center. Interviews with executives in the retail industry and with realtors and publications indicate a trend toward retail chains becoming more interested in locating in urban commercial centers such as Jamaica. Zayre's, for example, has over 30 stores in such areas and has developed a corporate strategy designed to penetrate this market. Because of their high customer traffic and comparatively affordable rents, these urban retail areas are once again becoming of interest to expansion-minded retail chains. Moreover, some experts claim that suburban retailing has become so saturated that only urban retail areas have the kind of space needed to accommodate future retail growth. According to *The New York Times* (Nov. 25, 1984) and *Crains New York Business* (Dec. 10, 1984), Jamaica Center is one of the areas that is attracting new attention from the retail chains.

Interviews with industry executives indicate that still other retail chains will be attracted by Jamaica's office growth, with 4,000 office workers or more located in a very concentrated area. These chains know how to live off lunchtime traffic.

The location of current retail and future office development areas. Regional Plan is recommending that office development should be focused in a compact area on Archer and Jamaica Avenues, bounded by the renovated Gertz Building on the east and Sutphin Boulevard on the west. This area is desirable because of the availability of developable sites and office buildings capable of being renovated, because of its proximity to the LIRR offering access to the Long Island labor pool, and because of the advantages of clustering office buildings in establishing nighttime security programs. According to industry experts, the new retailers attracted by the office development will want to be as close as possible to it, certainly within four blocks and preferably less. This will mean that a substantial portion of Jamaica's existing retailing will not be close enough to be a prime beneficiary of the new office development. The Jamaica Avenue entrance to the 165th Street Mall, for example, is four blocks from the new Federal Building and its 3,000 or more workers. Therefore, to serve the office workers, new stores and restaurants are likely to come in on Jamaica Avenue west of New York Boulevard or in new retail complexes on Union Hall Street (including the Gertz Building itself) or on 161st and 162nd Streets. This added retail space will be supported by added retail sales on the whole, but if excess space appears in the current retail district, the strategy proposed below to attract a cluster of off-price stores would fill in.

Downtown management. Across the country, downtown after downtown is finding out that to deal effectively with a wide range of problems—e.g., security, sanitation, parking, traffic circulation, managing the use of public transit, financing, downtown promotions and events, planning and business recruitment—downtowners must join together in an organization with substantial authority, and staff. Jamaica Center was one of the first downtowns to move in this direction when the Jamaica Chamber of Commerce formed two special assessment districts to provide supplementary security and sanitation services. But this is only a modest first step toward the downtown-wide management that is required.

The existing special assessment districts cover only a portion of Jamaica Center: along Jamaica Avenue from Sutphin Boulevard to 169th Street and the 165th Street Mall. This leaves key parts of Jamaica Center without such a district, e.g., Sutphin Boulevard from the LIRR to Hillside and Hillside Avenue from Sutphin to 169th Street and Union Hall Street from Jamaica Avenue to the LIRR. In many other cities, e.g., New Orleans and Charlotte, the entire downtown is included in a special assessment district.[29] Problems such as crime and parking do not begin or end with the boundaries of Jamaica's current assessment districts, but are downtown-wide problems.

Moreover, the existing special assessment districts have not become involved in as broad a range of problems as they might. In other downtowns, they are used to promote and improve the image of the whole downtown. A similar effort in Jamaica Center could be of great value.

The 165th Street Mall is a mall in the sense that it has retail stores bordering on an auto-free area; but, in spite of its special assessment district, it lacks some of the key management features that give suburban shopping malls a real competitive advantage, e.g., common promotions and central control over tenancy. In the near future, the 165th Street Mall may find itself competing with other locations in Jamaica Center for the new retailing that will be looking to locate there, and it will be at a serious disadvantage unless it can develop and market itself in a unified way.[30] This will require expanded and innovative "mall management."

New uses should be considered for the area around the Mall. It may be that new apartments in or near the Mall could make the remaining retail area profitable as a local convenience center, featuring groceries, drug and hardware stores.

V. STRATEGIES FOR REALIZING JAMAICA CENTER'S OFFICE AND RETAIL GROWTH POTENTIAL

A. Office Growth–Specific Strategies

Adopt a phased multi-segment office marketing strategy. Because Jamaica Center has no core redeveloped area, it will need the impetus of government offices at the start of its revival. Jamaica center is getting federal, state and city offices, but more will be needed.

Government offices represent the best hope for stimulating Jamaica's redevelopment over the next few years.[31] There are city and state offices that can be moved if the political will is there. While government offices may not directly attract private sector offices, they can help to physically improve the area, reduce the fear of crime, stimulate an improvement in the retail merchandise mix and help create that core redevelopment area that is the *sine qua non* of Jamaica's future.[32] Furthermore, Jamaica Center is a good location for the offices themselves.

Once the core redevelopment area is underway, then it should be possible again to draw substantial numbers of professionals back to Jamaica Center. Jamaica Center has a number of courts and hospitals to anchor the development of professional complexes. **A new civil court in Jamaica would provide even more of an incentive.**

During this initial period, because of the proximity of York College, the airports and the potentially low operating costs of an office incubator building, it should be possible to begin to attract new white collar firms to Jamaica Center.

Once the core area has been redeveloped, Jamaica Center might have a good chance to recruit regional and district offices in the office machinery, computer products, electrical machinery, scientific instruments, printed matter and insurance industries, as well as less sophisticated back office operations and small firms' headquarters. The upward cycle will have to be clearly visible before they will come to Jamaica Center, and cheap electricity, access to sophisticated ground communications and good 24-hour security for personnel and equipment will have to be available for some.

Create a core redevelopment area, bounded by 163rd Street, Archer Avenue, 90th Avenue and the new Federal Building, to improve Jamaica Center's appearance and image and provide improved worker amenities (see Map 3). In this area the existent public sector commitment of 1.4 million square feet of office space will provide stimulus to rehabilitate 150,000 square feet of empty old offices, maintain or rehabilitate 150,000 square feet of occupied office space and build a new privately-financed office structure, Executive Plaza, of 400,000 square feet. Flanked by the completed York College main building, the new subway station and new retailing that these developments will generate, the sense of revival will be clear.

The city should use an additional 100,000 square feet of tenancy to leverage the renovation of key office buildings in the area, e.g., the Stark, Red Cross, and Chamber buildings.

The city should lease space in Jamaica Center only in the core redevelopment area.

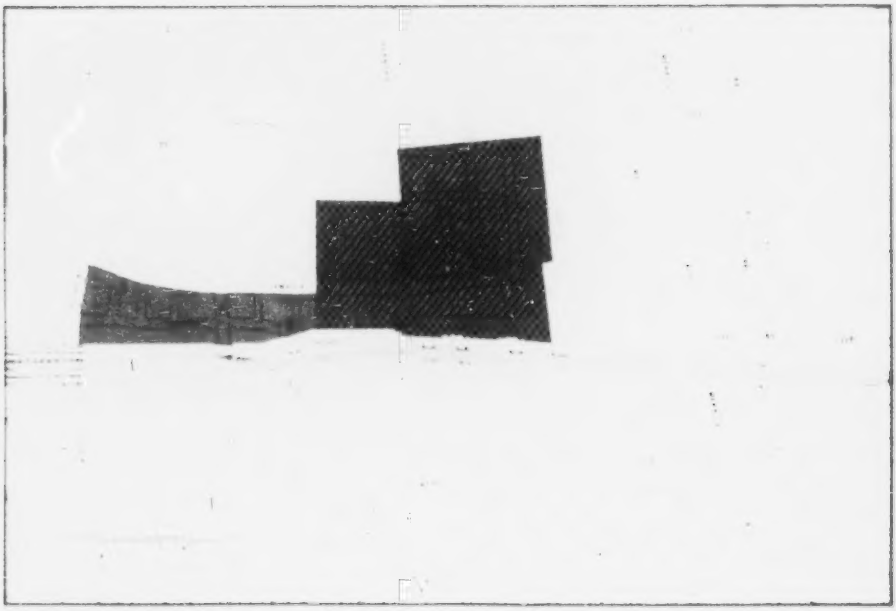
The state should help tenant the Executive Plaza and other projects in Jamaica with employees moving from the World Trade Center. This is an important site and should be used in keeping with a long-range vision of the Center.

Straddled by the new Federal Building and the rejuvenated Gertz Building, the Mack project will be the first real opportunity for Jamaica Center to attract some significant private sector office tenants. Best bets are personnel training, airlines reservations, regional and district offices, and professionals such as lawyers and accountants.

The Greater Jamaica Development Corporation, with a successful record of office rehabilitation, should investigate obtaining a vacant office building, perhaps the Montgomery Ward Building, to develop as an office incubator building. MAC funds might be provided for this purpose. Close to York College with relatively low operating overhead, it would suit fledgling office firms.

The federal government (GSA) should build a garage with sufficient capacity to meet the increased demand for parking spaces created by the new Federal Building.

The city, using either UDAG, MAC funds or revenue bonds, should build additional garages for private, city and state offices as needed. A total of 2,300 places will be needed by 2000 as development takes place, a ratio of 1.33 parking spaces per 1,000 square feet of office space seems about right to make Jamaica competitive. New suburban office complexes often provide parking at a ratio of three or four places per 1,000 square feet of space. Due to Jamaica's mass transit assets, we are assuming that most Jamaica Center office workers will not be coming to work by car.



Map 1
PROPOSED NEW OFFICE ZONE

Possible tax incentives that might be offered in this redevelopment area are discussed in the next section.

Create a geographically distinct Office Enterprise Zone and provide it with features and investment incentives designed specifically to meet the needs of office locators. The city and the state should create in Jamaica an Office Enterprise Zone to stimulate the establishment of at least two million square feet of private office space. The zone should have the attributes office locators are looking for, plus some additional features that would make it even more attractive (see Table 17).

The zone would encompass the core redevelopment area, anticipated to be virtually completed by 1987. Thereafter, the zone should be extended toward Sutphin Boulevard, bounded on the north by Jamaica Avenue and on the south by the LIRR. The zone would start off with the following advantages:

- Good access to mass transit. This is one of Jamaica's important existing strengths, and it is heavily concentrated in the zone abutting the Jamaica Center LIRR station, including two new and attractive subway stations and abutting a major new bus transfer point. Additional mass transit improvements recommended below would strengthen this asset.
- Access to a high quality office labor pool. This would include over 500,000 office workers covering all those in Queens plus over 90 percent of those in Nassau County.

In addition, the city and the state should take appropriate actions to give the Office Enterprise Zone the advantages described below.

TABLE 17.

HOW THE INCENTIVES PROPOSED FOR JAMAICA'S NEW OFFICE ENTERPRISE ZONE MEET KEY CORPORATE BACK OFFICE LOCATIONAL CRITERIA

Top Six Back Office Locational Criteria	What Locating in the Office Enterprise Zone Should Provide
Cost of space/square foot	Tax benefits which will in effect mean costs competitive with those in the suburbs.
Cost and reliability of electricity	Electricity costs 50 percent cheaper than regular current ConEd rates, backed up by either PASNY, cogeneration or diesel generators.
Mass Transit Access	The zone abuts or includes two new subway stations and two LIRR stations; a major bus transfer point also abuts it.
Security	Zone developed in a dense and compact manner to stimulate pedestrian traffic, with monitored parking and foot patrols.
Access to a quality labor pool	Access to over 500,000 office workers, including all those in Queens and 90 percent of those in Nassau.
Other Features –Communications	Access to fiber cable and satellite communications. Zone telephone system giving lower long distance rates.
–Parking	Direct access to 2,600 dedicated and secure parking spaces.
–Proximity to Manhattan Headquarters	20 to 35 minutes by LIRR or subway.
–Proximity to Airports	10 to 15 minutes by car.
–Higher Education	Very close to York College with its special programs for the business community.

Use city and state tax incentives to make the costs of locating and operating in the zone lower than those in the city generally. The city will be facing strong price competition from other potential office locations in the Region, especially those in New Jersey. Because of the locational advantages of Jamaica Center and the other outer borough downtowns, it is not essential for them to offer space at the same price levels as their suburban rivals, but the evidence does suggest that they have to be more price competitive than they are now.

The city currently has a stratified incentives policy in the sense that abatements are by right stronger in the outer boroughs than in Manhattan's two central business districts. We recommend that this policy of stratified incentives be expanded and that the city and state create a deeper incentives package than would be available elsewhere in the city in order for office enterprise zones to be created in each of the outer borough downtowns. The taxes that would be foregone should not be viewed as lost, since recent experience suggests that most of the office facilities that would be attracted to Jamaica would otherwise have gone to New Jersey or Nassau and Suffolk Counties. In addition, both city and state have considerable investments in Jamaica to protect. We recommend that the incentives be limited to those leasing the first two million square feet of office space in the Office Enterprise Zone and be made available only for similar new office zones in Downtown Brooklyn and probably the Fordham Road area in the Bronx.

Regional Plan conducted an analysis of the office activities that might reasonably be targeted for Jamaica's Office Enterprise Zone (based on the office market segment development goals discussed earlier) in order to determine which alterations of city and state taxes might be offered, what such incentives might amount to in foregone taxes, and the economic impact of the corporate offices brought into the zone.

The analysis starts by positing some characteristics of the typical firms in each market segment in number of employees, floor space they would occupy, the industries they would come from, and their type of organization. It then delineates the financial characteristics of such firms. Table 18 shows the results. For example, the typical regional/district or small corporate headquarters installation in the zone probably would occupy about 8,250 square feet of space, have 30 employees, and be active in insurance, real estate, utilities, communications or wholesale trades. It would have annual gross receipts of $3.5 million on the business it did in the zone. Table 18 provides similar information for typical firms in the other market segments.

The analysis then aggregates this information for each market segment targeted for the zone to reveal each segment's as well as all segments' economic impacts (Table 19). For example, the back office market segment in the zone is posited to have 30 firms, employing a total of 3,000 workers and occupying a total of 900,000 square feet of space. Their activities in the zone are posited to generate gross receipts of $245 million; labor payments would be about $84 million. All the 370 firms in the zone would together occupy about two million square feet of space, employ about 7,100 workers, have annual gross receipts on activities in the zone of $587 million and make labor payments to employees in the zone of about $192 million. The gross product originating (or added value) generated by 370 such firms would be $306 million, or $43,000 per employee per year. This would constitute the direct impact on the city's economy. That would be doubled by indirect and induced spending by businesses and households.

Table 20 describes the full range of tax incentives from which the city and state have to choose. Table 21 shows what the aggregate amount of foregone taxes to the city and state of each incentive would be for each office market segment targeted for the Office Enterprise Zone. The city, for example, would forego a little over $8 million a year if it abated all its taxes affecting the back office operations targeted for the zone, and $668,000 and $404,000 for the professional services and incubator firms, respectively. For the former, this might be a comparatively small price to pay given that these firms would most likely locate outside the city without these subventions. For the professional service firms and incubator firms, the likelihood of locating outside the city might not be as great, but it is still strong—numerous members of the bar practicing in the courts in Jamaica and Kew Gardens, in fact, now have offices in Nassau.

The ability to provide deep incentives is limited by the weight of the tax burden that each office market segment typically bears; it is easier to provide deep incentives to the utilities and back offices because they pay more in taxes than the pro-

fessionals and incubator firms. This suggests that a different tax incentive package should be offered for each type of firm targeted for the Office Enterprise Zone. Foregoing all city and state taxes, in addition to the property tax, may be necessary for the professional service and incubator firms, but may offer unnecessarily deep incentives for the utilities and back office firms. **The city and state should also be left with the choice of which taxes they can forego. Our objective here has been to show the feasibility and effects of giving a wider range of deeper office investment incentives.**

TABLE 18.

FINANCIAL CHARACTERISTICS OF TYPICAL FIRMS TARGETED FOR JAMAICA'S OFFICE ENTERPRISE ZONE

Avg. Firm/Estab.	Typical Reg'l/ Dist./Sm. Firm	Typical Prof'l Svc.	Typical Back Office	Typical Incubator
Number of employees	30	10	150	5
Gross sq. ft./rent (/$)	8,250 ($15)	2,750 ($8)	45,000 ($20)	1,000 ($5)
Industries represented	Insur./RE/Util./WT	Bus./Leg./Prof	Banks/Ins./Sec.	NFP/Soc'l./Prof.
Type of organization	Inc.	Inc.	Inc.	Inc.
Gross receipts (1983 $000)	**$3,556.9**	**$486.8**	**$12,260.2**	**$117.1**
Labor payments	910.1	287.1	4,218.6	71.9
–Earnings	862.6	273.3	3,998.1	68.5
–Social insur. contrib.	47.5	13.8	220.5	3.4
Profit type income	231.5	15.1	1,670.6	2.6
–After taxes	80.9	7.8	740.8	1.5
–Before inventory adjustment	126.9	8.8	740.8	1.5
–Income taxes	150.6	7.3	929.8	1.1
–Federal	72.0	4.6	604.2	.7
–State/local	78.6	2.7	325.6	.4
Net interest/rent/bus. transfers	261.4	4.1	–253.9	1.1
Indirect business taxes	20.1	3.9	132.4	.8
–Property (in rents)	(31.0)	(5.5)	(225.0)	(1.3)
–Comm'l rent or occupancy	9.3	1.7	67.5	.3
–Gen'l sales & use excl. util.	8.6	2.0	52.9	.4
–Utility sales	2.2	0.2	12.0	.1
Depreciation	372.0	19.5	380.2	6.2
Purchased mat'ls & services	1,761.8	157.1	6,112.3	34.5
–Rents	123.8	22.0	900.0	5.0
–Elec/gas	54.6	6.0	299.1	1.1
–Other taxables	104.7	23.6	641.7	5.5
(Value Added)	**($1,795.1)**	**($329.7)**	**($6,147.9)**	**($82.6)**

Source: Regional Plan Association

TABLE 19.

DIRECT FINANCIAL IMPACT OF OFFICE MARKET SEGMENTS TARGETED FOR JAMAICA'S OFFICE ENTERPRISE ZONE

All Firms/Estabs.	Reg'l/Dist./ Sm. Firms	Prof'l Services	Back Offices	Incubators	Total Private
Number of firms/estabs.	80	70	20	200	370
Total employment	2,400	700	3,000	1,000	7,100
Gross sq. ft.	660,000	192,500	900,000	200,000	1,952,500
Gross receipts (1983 $000)	**$284,552**	**$34,076**	**$245,204**	**$23,420**	**$587,252**
Labor payments	72,808	20,097	84,372	14,380	191,657
–Earnings	69,008	19,131	79,962	13,700	181,801
–Social insur. contrib.	3,800	966	4,410	680	9,856
Profit type income	18,520	1,057	33,412	520	53,509
–After taxes	6,472	546	14,816	300	22,134
–Before inventory adjustment	10,152	616	14,816	360	25,944
–Income taxes	12,048	511	18,596	220	31,375
–Federal	5,760	322	12,084	140	18,306
–State/local	6,288	189	6,512	80	13,069
Net interest/rent/bus. transfers	20,912	287	–5,078	220	16,341
Indirect business taxes	1,608	273	2,648	160	4,689
–Property (in rents)	(2,475)	(385)	(4,500)	(250)	(7,610)
–Comm'l rent or occupancy	744	119	1,350	60	2,273
–Gen'l sales & use excl. util.	688	140	1,058	80	1,966
–Utility sales	176	14	240	20	450
Depreciation	29,760	1,365	7,504	1,240	39,969
Purchased mat'l & services	140,944	10,997	122,246	6,900	281,087
–Rents	9,900	1,540	18,000	1,000	30,440
–Elec/gas	4,368	420	5,982	220	10,990
–Other taxables	8,736	1,652	12,834	1,100	24,322
(Gross Product Originating)	**($143,608)**	**($23,079)**	**($122,958)**	**($16,520)**	**($306,165)**

Source: Regional Plan Association

TABLE 20.

POSSIBLE NEW YORK CITY & NEW YORK STATE TAX INCENTIVES FOR JAMAICA'S OFFICE ENTERPRISE ZONE

Tax	Rate & Base	Possible Incentive
	NEW YORK CITY TAXES – 1983	
–General corporation	9% on net income allocated to operating location by share of payrolls, property & sales.	100% ten-year exemption in base of share pay rolls, property & sales originating in Jamaica Office Zone.
–Net financial tax	13.823% on net income allocated to operat ing location on separate accounting basis with shift now proposed to factor apportionment basis (payrolls, property & deposits/loans) for banks other than Savings and Savings & Loans (12.134% rate).	50% ten-year exemption in proposed factor apportionment base, eliminating share payrolls and property originating in Jamaica Off ce Zone.
–Public utilities	2.35% on gross operating income.	100% ten-year exemption in base of share operating income originating in Jamaica Office Zone.
–Property tax	(assumed 25% of commercial rents)	ICIB for economically distressed areas' com mercial development. 100% ten-year exemption, followed by ten year declining exemption and no recapture.
–Commercial rent or occupancy tax	6¼% on annual rents of $5,000 to $7,999; 7½% on annual rents of $8,000 to $10,999; 7½% on annual rents of $11,000 and over.	100% ten-year exemption in Jamaica Office Zone.
–General sales & use tax (excluding utilities)	An additonal 4% conforming to state-wide tax with exception of not exempting machin ery & equipment, fuels and utilities used in manufacturing process, and imposing tax on selected services.	100% ten-year exemption on purchase of taxable items by firms/establishments located in Jamaica Office Zone.
–General sales & use tax on utilities	4% on sales of services.	100% ten-year exemption on sales of services to Jamaica Office Zone.
	NEW YORK STATE TAXES – 1983	
–Corporate franchise	10% on allocated entire net income to New York State plus 17% surcharge on portion of tax attributable to business originating in MTA district.	100% ten-year exemption in base of share payrolls, property & sales originating in Jamaica Office Zone and no renewal of MTA surcharge.
–Franchise tax on bank ing corporations	12% on allocated entire net income to New York State plus 17% surcharge on portion of tax attributable to business originating in MTA district.	50% ten-year exemption in portion originating in Jamaica Office Zone, and no renewal of MTA surcharge.
–Insurance tax	9% on allocated entire net income to New York State plus 17% surcharge on portion of tax attributable to business originating in MTA district.	10% ten-year exemption in base of share pre miums (weighted as nine), on payrolls, not originating in Jamaica Office District, and no renewal of MTA surcharge.
–Public utilities tax	0.75% on intrastate gross earnings of trans portation & transmission, water, gas, elec tric or steam heating, light & power com panies in New York State plus 17% surcharge on portion of tax attributable to business originating in MTA district.	100% ten-year exemption in portion originating in Jamaica Office Zone, and no renewal of MTA surcharge.
–General sales & use	4% on sales of personal property, enumerated goods & services in New York State plus 0.25% additional tax imposed within MTA district.	100% ten-year exemption on purchase of taxable items by firms/establishments lo cated in Jamaica Office Zone.
–PASNY Power Purchase	50% of Con Edison rate.	Firms/establishments eligible if located in Jamaica Office Zone.

TABLE 21.

POSSIBLE TAX INCENTIVES FOR PRIVATE OFFICE MARKET SEGMENTS TARGETED FOR JAMAICA OFFICE ENTERPRISE ZONE

All Firms/Estabs.	All Reg'l Dist./Sm. Firms	All Prof. Services	All Back Offices	All Incubators	Total Private
NEW YORK CITY TAXES (1983 $000)	**$8,122**	**$668**	**$8,244**	**$404**	**$17,438**
–General corporation tax	278	82	390	35	785
–Net financial tax*	---	---	1,251	---	1,251
–Public utilities tax	4,114	---	---	---	4,114
–Property tax (in rents)	2,475	385	4,500	250	7,610
–Comm'l rent or occupancy tax	744	119	1,350	60	2,273
–General sales & use tax	511	82	753	59	1,405
–Excluding utilities	335	68	513	39	955
–Utilities	176	14	240	20	450
NEW YORK STATE TAXES (1983 $000)	**$2,249**	**$179**	**$2,379**	**$86**	**$4,893**
–Corporation franchise tax	360	107	506	45	1,018
–Franchise taxes on banking corp'ns*	---	---	1,271	---	1,271
–Insurance tax*	---	---	57	---	57
–Public utilities tax	1,536	---	---	---	1,536
–General sales & use tax	353	72	545	41	1,011

* All these figures represent full exemption, except for financial taxes, calculated at 50% exempt and insurance taxes, calculated at 10% exempt.

TABLE 22.

POSSIBLE TAX BENEFIT PACKAGES FOR PRIVATE OFFICE MARKET SEGMENTS TARGETED FOR JAMAICA OFFICE ENTERPRISE ZONE

Tax Benefit Alternatives (1983 $000)	Reg'l Dist./ Sm. Firms	Prof. Services	Back Offices	Incubators	Total Private
I. Property taxes (ICIP)*	**$1,980**	**$308**	**$3,600**	**$200**	**$6,088**
% of gross receipts	0.7%	0.9%	1.5%	0.9%	1.0%
% increase in after tax profits	31.0%	56.0%	24.0%	67.0%	28.0%
–Per job located	$825	$440	$1,200	$200	$857
II. Property & occupancy taxes with PASNY power	**$3,384**	**$620**	**$6,594**	**$370**	**$10,968**
% of gross receipts	1.2%	1.8%	2.7%	1.6%	1.9%
% increase in after tax profits	52.0%	114.0%	45.0%	123.0%	50.0%
–Per job located	$1,410	$886	$2,198	$370	$1,545
III. All state and local taxes except property	**$7,896**	**$462**	**$6,123**	**$240**	**$14,721**
% of gross receipts	2.8%	1.4%	2.5%	1.0%	2.5%
% increase in after tax profits	122.0%	85.0%	41.0%	80.0%	67.0%
–Per job located	$3,290	$660	$2,041	$240	$2,073

* ICIP tax benefits on property improvements only (estimated at 80% of assessed value)
Source: Regional Plan Association

The possible packages are too numerous to assess individually, but for illustrative purposes Table 22 shows the impacts of three possible incentive packages. The first is the abatement of the property tax which, according to the new ICIP legislation, will go "by right" to Jamaica projects. The second package combines abatement of the property and occupancy taxes with cheaper electrical power that would be sold at 50 percent of Con Ed's 1984 rates and resembles what has been made available to firms locating in the outer boroughs by the mayor's recent program to reduce occupancy and energy taxes. The third shows the impact if all city and state taxes except the property tax were abated.

Regional Plan believes that the city and the state have the power and the opportunity to formulate meaningful incentive packages for the types of firms targeted for Jamaica's Office Enterprise Zone and that they should make their creation one of the top priorities of their urban economic development policies.[33] Such packages are absolutely essential if the outer borough downtowns and similar areas across the state are to have a real opportunity to compete for these segments of the office market.

Cost and reliability of electric power. As the survey revealed, one important attraction for back offices that the Office Enterprise Zone must be able to offer is inexpensive and reliable power. Three approaches to reduce costs have been proposed: PASNY power, cogeneration for the zone, or Con Edison's reducing its rates in the zone as it does in certain areas of the city. The state and the city are planning to make PASNY power available to the Teleport Office Complex on Staten Island and to the new Shearson/American Express building in the Washington Market section of lower Manhattan. This suggests the logic of providing it for office development projects in the outer borough downtowns.

The PASNY power is expected to be provided at a cost substantially lower than Con Ed's current rates. For the typical back office installations targeted for the Office Enterprise Zone, this could mean substantial savings. At the time of writing, the political feasibility of providing PASNY power on such a scale for projects in New York City is still unclear. The city's new program to reduce taxes on electricity in addition to Con Edison's Business Incentive Rate achieves, in actuality, a 37 percent rate reduction.

Cogeneration may be another way of providing inexpensive electricity, with operating costs of $0.08 to $0.11 per kilowatt hour now being achieved (Con Ed's rates are $0.11 to $0.15 per kwh). Natural gas cogeneration units now come in a wide range of capacities and can be installed in buildings of all sizes or even on a district-wide basis where one plant would meet all the electrical, heating and cooling needs of all buildings in the district. However, cogeneration is not suited to all situations; the key to its feasibility is that the demands for heating and cooling must run fairly parallel with demands for electricity.

Because the precise mix of tenants and the types and timing of the activities they would engage in so strongly affect the feasibility of cogeneration, it is impossible to make any generalizations about what savings it can achieve. However, the conditions to be found in office buildings, especially those with heavily computerized back office operations, are very likely to make cogeneration feasible. One study provided by Brooklyn Union Gas hypothesized a 600,000-square-foot office building with numerous back office operations very similar to what we may expect to be constructed in the zone. The assessment assumed the following specifications:

- 40 BTUH/sq. ft. space heating requirement
- 5.5 watts/sq. ft. peak electrical demand
- electric energy consumption=15.7 x 10^6 kwh/yr
- 25% of electrical demand is for computer operation
- computer electrical full load will be 7,762 hours per year
- office full load electrical will be 3,764 hours per year.

Using gas-fired turbines and chiller heaters, the study projected that, on an incremental investment of $5 million over a conventional heating and cooling unit, operating savings of $2.1 million annually could be achieved. This would translate into savings of $3.50 per square foot annually. The study did not analyze how various tax benefits associated with the capital investment in the cogeneration unit would impact on its actual cost, but indications are that they can substantially reduce the true cost of the unit.

This analysis indicates that cogeneration may be price competitive for major office application in the Office Enterprise Zone. In addition, it gives users the protection of two power sources, the cogeneration unit and the Con Edison electrical grid.

The decision to implement is not dependent on a political decision by the state, as is the PASNY allocation.

Private firms are now appearing that own cogeneration units and are willing to install them at their own cost in a building and guarantee fixed-price inexpensive electricity over a multi-year period. Or building owners can install their own units.

In addition to the city's program to provide a $0.25 per kilowatt/hour benefit for cogenerated electricity, it could use MAC funds to purchase a cogeneration unit as part of its participation in new office projects in the zone. Another option is for the city to give the cogeneration plants to a subsidiary of the Greater Jamaica Development Corporation to own and operate in zone buildings. Income thus derived might be substantial and help meet either the zone's security costs or help support Greater Jamaica's other operations.

Cogeneration could use Con Ed or diesel generators as a back-up.

In sum, Regional Plan supports the mayor's program to add to present property tax abatements in the outer boroughs reductions in energy and occupancy taxes. In addition, RPA recommends that only in three borough downtowns and only for the first increment of private office investment needed to generate investor interest generally, additional incentives should be provided, varying with the type of firm. Total additional incentives of about $3.5 million for the first year probably would achieve the necessary attraction to the Jamaica Office Enterprise Zone—still leaving the attracted firms paying $8 million that year in taxes.

Designing for safety and security. A security plan for the whole zone should be formulated and implemented by a single security force having a unitary command structure. This would overcome the deficiencies inherent in the more fragmented security efforts found in downtowns across the country.

Several particular types of development should be considered because of their potential impacts on the zone's security.

Close and secure parking will be essential to meeting the security needs of those on the evening and early morning shifts as well as those working past the normal 5:00 pm business closing hour. To provide this, the city should provide land and facilitate the development of a linear retail and parking structure that would run west on Archer Avenue from 150th Street to the Chemical Bank building on Sutphin Boulevard. The ground floor would be designed to provide space for new retailing and a secure pedestrian walkway. The top floors would be used to provide between 750 and 1,000 new parking spaces directly across from the Office Enterprise Zone.

The covered and monitored sidewalk alongside this linear building would provide a protected means for riders of the LIRR and subway to get to their respective stations between 6:00 pm and 9:00 p.m. when they work late. The walkway will require careful design, special police and probably TV monitors. The stations themselves should be targeted for patrols by the Transit Authority and LIRR.

Other Zone Features

Telecommunications. The zone should be made the site of the node for the fiber optics cable that will tie it and Jamaica to the Teleport project and its satellite communications capabilities as well as to headquarters in downtown Manhattan and elsewhere in the Region.

In addition, a subsidiary of the Greater Jamaica Development Corporation should be formed to create a telephone system for the entire zone. Building owners are increasingly doing this for their properties because they can buy long distance telephone capacity at larger discounts and give their tenants lower costs while they make additional profits.

- **York College.** York College will be very close to the zone, and its faculty and facilities will be available for special training programs as well as joint research ventures with private firms. York's Continuing Education Program takes great pride in its ability to provide any kind of training a corporation might need for its personnel. It also has developed a very successful Cooperative Education Program in which students alternate being in the classroom with full-time work. Graduates of this program have been well received by many large banks and corporations in Manhattan.
- **Proximity to Manhattan.** Manhattan will be only 20 to 35 minutes away by LIRR or subway.
- **Proximity to airports.** Kennedy and LaGuardia airports are only 10 and 15 minutes away, respectively.

B. Retail-Specific Strategies

Use office development to attract new retailers. As mentioned before, today Jamaica Center faces a vicious circle with regard to retailing: the numerous middle-class shoppers in its trade area cannot

be attracted unless there are appropriate stores and merchandise, and the retailers will not come until there are middle-income shoppers. Office development provides a way of breaking out of this predicament, but only if enough office workers can be located in a compact area, convenient for lunchtime shopping. The new stores, combined with the new office buildings, improve the appearance of the area, and this adds to the improved retail mix to start to draw the trade area's middle-income shoppers.

By 1987, projects now in the process of construction will add over 4,600 office workers in three blocks along Jamaica Avenue between the Gertz and Social Security Administration Buildings. In our interviews with locators for major retail organizations, we have been assured that this concentration of office workers would certainly warrant national chains to locate in Jamaica. Specific stores were mentioned but cannot be identified here because of requests for confidentiality. This will give a center of gravity to the other 6,400 office workers now working in dispersed buildings in Jamaica Center, nearly all of them within four blocks of that shopping strip. This translates into $18 million of potential office-worker retail expenditures in the area, enough, for example, to support 30 stores of 3,000 square feet with annual sales of $200/square foot. If these new stores could be located in attractive new facilities such as now envisioned for the College Gate project on Union Hall Street and the Mews project on 161st Street (both also close to parking and the subway), then Jamaica would truly have a retail complex able to compete for middle-income shoppers. Further office development would provide additional stimulation for retail growth.

Reinforce Jamaica's attractiveness to middle-income shoppers by having it become an off-price retail center. As the development of chain stores, department stores and suburban shopping malls revolutionized America's retailing in their day, so "off-price" retailing is affecting it today. Off-price is the discounting of high quality, often name brand goods.[34] By 1984 there were over 227 off-price shopping centers around the country. It has become a favored strategy to revitalize old suburban malls and downtown retail areas. Charlottetown Mall in Charlotte, North Carolina, is an example of the former, and Reading, Pennsylvania, is an example of the latter. Orchard Street in lower Manhattan is an off-price center, and plans are now afoot to develop a number on Long Island as well as one at Fulton Ferry in Brooklyn.

Off-price is an important strategy for Jamaica because it has the ability to overcome consumer resistance, as evidenced by middle-income shoppers who are apparently willing to travel long distances and forego a nice appearance in a store and amenities in order to shop for such goods. Off-price represents a retail development strategy that is independent of the office development strategy, although the two would reinforce each other.

Off-price stores can easily generate $250/square foot in annual sales and in some instances may reach $400/square foot. According to the chief executive officer of one famous off-price chain, it is urban locations, such as Jamaica, that provide the highest sales volumes. They also have the biggest security problems. Off-price retailers now may pay $20 and up per square foot for rent if the location has the right transportation and density.

Off-price is not limited to the retail apparel business. It can also include such goods as cameras, stereos, books and cigars. Experts estimate that off-price stores now have about a six percent share of the apparel market and expect it to reach 20 percent and perhaps as much as 30 percent by the end of the decade.[35]

In 1981, Hammer, Siler, George Associates recommended turning the Gertz building into an outlet mall similar in kind to the one in Reading and using the Macy's building for a catalog-type retail store.[36]

According to a realtor who tried to establish an outlet kind of off-price center in the Gertz building, potential renters liked the density of the market, Jamaica's transportation facilities – especially the two garages on Archer Avenue – and Jamaica's central location in Queens. The project did not proceed because: 1) there was a question of whether manufacturers could locate outlets in Jamaica without having conflicts with full-price store owners in Manhattan; 2) at the time, a substantial portion of the Gertz building would have remained unrented; and 3) Jamaica's appearance was then too unattractive. It can be reasonably argued that this attempt at creating an off-price complex was premature. Manufacturers' outlets are not necessary to an off-price center; Gertz is being filled and the revitalization projects that will be completed by 1987, e.g., the Gertz and Federal Building, the subway, York College, repaving and widening of Jamaica Avenue and Parsons Boulevard, will enormously improve Jamaica's appearance. Since Gertz is more firmly linked to the

office employees, the off-price cluster appropriately can locate on the mall. For retailers on the 165th Street Mall and further east on Jamaica Avenue, who will at best only marginally benefit from Jamaica's office development, off-price retailing represents a viable strategy to gain more middle-income shoppers. The mall stores could offer sufficient off-price retail space to become a very powerful customer generator. But the mall has a number of problems to overcome before this strategy can be successful. First, the mall as a single unit must be marketed and leased as an off-price center. More parking and better access to existing parking will be required. Internal alterations in the Macy's building may be required. All this will need the support and cooperation of the mall landlords and possibly either a new corporation, partnership, or expansion of the assessment district's functions.

The key to the success of this strategy is the development of a cluster of at least 20 to 40 off-price stores in close geographic proximity to each other. Such a cluster can function as an "anchor," much as a department store would. Small, dispersed off-price stores cannot function in this manner.

We believe that such a cluster, with its low prices, quality merchandise, and variety of goods and stores would provide enough incentives for middle-income shoppers to overcome their psychological resistance to shopping in Jamaica.

At the moment, nearby off-price competition is to be found only in a new center in the five towns area and in scattered stores such as Filene's and Loehmann's elsewhere in Queens. But the off-price concept is growing, and unless Jamaica moves fairly rapidly, it could be left behind again as it was with the post-World War II growth of suburban shopping malls. Jamaica's window of opportunity is open, but it will not stay so forever.

C. Overall Strategies

1. Improve access by auto and LIRR to Jamaica Center.

Important to being able to tap the office labor pool and increase trade area penetration will be Jamaica Center's ability to provide easier auto and rail access.

Signing. Improve signing on routes between the center and the Grand Central and Van Wyck.

Study the possibility of building a connector between the Van Wyck and the center. RPA's original Jamaica Center Plan called for Liberty Avenue to be such a connector. When activity in the center increases, a study should be undertaken to assess the best route and costs for such a connector.

Stress the development of sites close to the Sutphin Boulevard LIRR station. Office tenants will probably prefer to be close to the main LIRR station.

High frequency LIRR service. As recommended elsewhere by RPA, the LIRR should institute high-frequency midday and evening service with trains running every 10 minutes between Jamaica and stations on the Island, increasing frequency also between Jamaica and Manhattan and Brooklyn.

Off-peak fares to Manhattan. The LIRR should substantially reduce off-peak fares between Jamaica and Manhattan and Jamaica and Brooklyn to stimulate its use by office workers living in Manhattan who could "reverse-commute." Currently, these fares are $4.25 in peak hours one way and $3.00 off-peak.

Link the Sutphin Boulevard LIRR station to the old office core, perhaps by a transfer there back to a reopened Union Hall Street station.

2. Improve Jamaica Center's Appearance and Amenities

One of Jamaica's main image problems is that it is perceived as a high crime area. Studies suggest that the physical components of a deteriorated area do much to create this type of impression. The implication is that improving a downtown's overall appearance, providing attractive shopping areas and places where office workers and shoppers can pleasurably congregate at noon and other times and other similar improvements will not only contribute to a more positive overall image of the area but also work to ameliorate the perceptions of crime.

Complete program to improve streets in Jamaica Center and dismantle the Jamaica Avenue el between Queens and Sutphin Boulevards since the Sutphin Boulevard area has great potential.

Improve the appearance of the LIRR Sutphin Boulevard station. This station will be an increasingly important means of entering Jamaica, and its current ambience does not offfer a good initial impression of the center. Improvements in and around the station should be given priority in the MTA's capital budgeting.

Make the Jamaica LIRR station a working transfer point for JFK and LaGuardia airport users. The opportunity to divert airport users from automobiles to special buses operating from Jamaica station should be explored by the Port Authority and supported by the LIRR.

Junkyards. Take measures to eradicate Jamaica's current image as an auto junkyard, repair and chop shop center. Junkyards are a non-conforming zoning use in all of Jamaica. City-owned property should not be leased or sold to junkyard operators. Tough enforcement of zoning, traffic and health regulations would halt their expansion and improve conditions surrounding the existing 24 yards. In the long term, an appropriate location, properly zoned and controlled, must be found for this activity, which is necessary but disruptive and incompatible with Jamaica Center's redevelopment.

College Gate and other new retail projects. Cradled between the Gertz office building, York College, Chase Manhattan and Jamaica Savings Bank buildings and close to the Federal Building and Mack site, the College Gate Union Hall retail project shows great promise. The State of New York has assured York College sufficient funds to redo and open the College Gate underpass that will connect the College's core building to Union Hall Street. Regional Plan supports the Public Development Corporation's efforts to provide funds for street improvements as well as to provide the full range of investment incentives to retailers willing to locate there.

In a similar fashion, the Public Development Corporation should support the mews retail project as it gets closer to implementation.

Restaurants. Every effort should be made to support the development of the Firehouse Project, a restaurant cluster project or any other high-caliber dining establishment. The necessary private funds might be brought in by limited partnerships or syndicates. But if this proves difficult, city investment incentives should be used to sweeten the deal sufficiently.

King Park. King Park and Mansion, with their great historical and architectural value, present an important opportunity to draw a significant number of middle-income visitors from a broad geographic area to Jamaica as well as offering interesting programs and providing an attractive area for Jamaica's residents, shoppers and workers to play and relax in.

The borough president and the assistant commissioner of the Department of Parks and Recreation for Capital Projects should firm up commitments to spend $1.2 million on the restoration of the mansion and approximately $2.25 million to improve the park. It is important that the level of funding be maintained and that both projects be scheduled to finish at about the same time.

3. **Improve Jamaica Center's Image**

Public relations campaign. Jamaica needs to undertake an active program to project a positive image of itself as a historic Dutch trading center and the city's link to Long Island, as well as a place on the way up. In part, this will involve a suitable media campaign with a catchy slogan and professional copy and visuals. The goal is to draw more middle-income people to Jamaica Center who come away with a favorable impression.

The Brooklyn Union Gas Company and its advertising firm, in conjunction with the Greater Jamaica Development Corporation, is now working on the development of such a campaign. Other major corporations should help allay the costs.

The normal process of revitalization, by improving the Center's appearance, will do much to improve the image. The potential "downtown draws," such as Jamaica Arts Center, the YMCA, York College, King Mansion and the library, can also help by looking upon the new office workers as an opportunity to develop programs attractive to other middle-income people in the neighboring areas.

Concern about safety is an important image problem, and RPA is working with downtown leaders in cooperation with the Citizens Crime Commision of New York to create a security program for Jamaica Center.

Promoting downtown. Retailers must also realize that their joint promotion of the downtown as well as special sales events are necessary business expenses and a legitimate use of special assessment district funds.

The Jamaica Chamber of Commerce should explore the possibility of forming a downtown-wide special assessment district to handle these and other downtown management problems. Similar districts have been created in New Orleans, Orlando and Charlotte.

Leadership coalition. One of the most important things that must be done is to convince local retailers, landlords, institutional leaders and downtown employees that they have a mutual stake in Jamaica's future, that the prospects for its future are increasingly bright, and that by working together they can help assure the success of Jamaica's revitalization effort. One cannot underestimate the impact of their "word of mouth" on Jamaica's image. Their support will certainly be required for any successful campaign to improve it. RPA, therefore, strongly recommends the formation of a Jamaica Center leadership coalition under the Greater Jamaica Development Corporation.

4. Revitalize South Jamaica

In the relatively small area bounded by the LIRR, Merrick Boulevard, Linden Boulevard and Sutphin Boulevard, there are severe problems of housing, unemployment and crime. They should be solved for their own sake; they also should be solved to improve prospects for Jamaica Center. Because that is so, a wide coalition can be organized to concentrate on South Jamaica's needs. The benefits to Jamaica Center of a more prosperous South Jamaica—jobs for people there and more housing there for people with jobs—are obvious: more disposable income to spend there and an improved appearance in this important entryway to Jamaica Center.

Jobs. The Greater Jamaica Development Corporation is now undertaking industrial development to bring opportunities to local residents, especially those in South Jamaica.

A recent survey of industrial firms in the Greater Jamaica area showed that there are about 5,500 industrial jobs in very diverse firms, ranging from food processing to metal forging to sophisticated electronic components. Current rents and land values are very competitive, vacancy rates are low, and the area has a lot of abandoned buildings, vacant lots and underutilized land that could be assembled to provide new industrial development sites.

Regional Plan supports the current discussions between Greater Jamaica Development Corporation and the Public Development Corporation regarding the feasibility of creating an in-place industrial park in this area.

Greater Jamaica Development Corporation will release in the near future a major study it has commissioned, with support from the State Urban Development Corporation, intended to identify the growth potential of the industrial areas near Jamaica Center. The report indicates surprising strength among the existing industries and numerous expansion opportunities. There has also been a growing demand for industrial space from companies relocating to Jamaica, not only from elsewhere in the city but also from Long Island.

Across the country, colleges and universities are exploring ways in which their resources can be linked with those of the private sector in joint economic enterprises that enhance their academic programs and use their expertise to stimulate the economic growth of the surrounding communities. While York College is not intended to be a major research institution, it has valuable expertise in such areas as business administration, computer operations and gerontology that could be used by private sector firms attracted to a growing manufacturing area in its environs as well as to office activities in Jamaica Center. RPA encourages York College to continue its pursuit of such joint college-business ventures.

More industry will mean potentially more jobs for area residents—and greater income for residents is one of the keys to solving the area's housing and other social problems. Manufacturers in the Jamaica area like the local labor pool, and industrial growth should result in more jobs that are appropriate to the skill levels of those seeking employment in the area. Retail development in Jamaica Center will also provide additional job opportunities for low-skill workers and possible part-time employment for local youth. Office development will also mean greater job opportunities for nearby residents, but the amount will depend a great deal upon whether the operations locating in Jamaica Center are new, and thus hiring, or already staffed units being relocated from Manhattan.

The Public Development Corporation has recently created within the Greater Jamaica Development Corporation a "matchmaker" position on its staff to help link local job opportunities it helps to create with local job seekers.

Job preparation is **essential** to attracting employment. Jamaica-area schools should seek major corporate partners from around the Region in adopt-a-school programs to try to ready their students for the working world.

Housing. Recently the city sold over 70 factory-built houses in the Jamaica area in the $50,000 range under a federal program. That shows there is a market in South Jamaica for homes. Vacant sites owned by the city can accommodate several hundred more houses in the area. In addition there are numerous boarded-up houses, often with empty land adjoining them, that should be torn down to provide additional sites. However, this will require a new program by the Department of Housing Preservation and Development. The MAC funds allocated for housing and the housing programs recently announced by both Mayor Koch and Governor Cuomo should be used to assemble and clear sites and construct new housing in South Jamaica. (RPA recommends that additional units be built there.)

The Allen AME Church has demonstrated its ability to formulate and implement a wide range of housing projects, from facade renovation to

new construction. The effectiveness of some innovative programs e.g., the recycling of homes of the elderly that have been foreclosed is impeded by lack of sufficient capital funds.

Community organizations in Jamaica should consider trying to get further into the housing business on a "for-profit" basis in the areas of home maintenance, rehabilitation and new construction. Such a thrust would also provide additional employment possibilities for local residents. One goal they might also adopt which would help them move in such a direction is to form a LISC program for South Jamaica. However, this will require first raising substantial sums of private money $150,000 to $500,000 and these groups reportedly lack the ties to the private sector that would ease the task of raising these funds. The Coalition for a Greater Jamaica might help with this.

5. Reduce Crime and the Fear of Crime in Jamaica Center

Institute a "pressure-point" program in Jamaica Center and environs. The city should institute a pressure-point program in Jamaica Center and the area abutting it to the south. Similar programs have been used in the Lower East Side in Manhattan and in Jackson Heights in Queens. These programs will cost extra money for extra police and prosecutors, but the problem deserves extra attention. While CDBG funds have been used elsewhere, we believe the problem is so important in Jamaica that the mayor should be willing to use general revenue funds in Jamaica. The Robbery Identification Program recently instituted in the 103rd Precinct is a good example of the type of special attention Jamaica Center needs.

Increase the number of policemen on patrol in Jamaica Center and environs. The Police Department is now commited to this goal. After "pressure-point" succeeds, many more policemen will still be needed patrolling the streets. While auxiliary and private police are better than no increase in foot patrols, those hired by the assessment districts do not have the same authority and impact of real police. More patrolmen must be assigned specifically to the downtown and the area immediately south of it. Staffing in the 103rd Precinct has been reduced between 1977 and 1984 from 248 to 164 police officers, and while some of this lost strength has been compensated for by special borough robbery and narcotics teams, this has not put as many patrolmen on the street in Jamaica Center as is desirable. The mayor should continue his commitment to provide city funds for this purpose. The residents and businesspeople in the downtown should also consider expanding the current special assessment district to serve the downtown as a whole, with part of the proceeds used to match city funds to support more patrolmen for the area.

Develop a real downtown program. Crime in Jamaica does not stop at the boundaries of someone's store, house or office building; the problem will not be solved unless local leaders organize and develop their own anti-crime program which would be coordinated with NYPD activities. The special assessment districts are a good start in this direction, with their private security staff and their sophisticated "buddy system," but much more needs to be done and on a downtown basis. Regional Plan is now working with the Greater Jamaica Chamber of Commerce and the Greater Jamaica Development Corporation toward this goal in a separate project funded by the National Institute of Justice and major corporations in New York City.

6. Increase the Capacities of Greater Jamaica Development Corporation To Undertake Development Projects

Recognize and properly support the Greater Jamaica Development Corporation's work. First, the city must realize that the Greater Jamaica Development Corporation is much, much more than an ordinary neighborhood development corporation and treat it accordingly. Greater Jamaica has been given a mission accorded elsewhere to quasi-public development organizations in the downtowns of major-sized cities. It has planned, advocated, promoted, managed property, renovated buildings, etc., with considerable skill, and a substantial portion of the credit for the enormous redevelopment that is now going on in Jamaica must go to the corporation and its leadership. The future promises that Greater Jamaica's role can be of even greater significance, especially if it broadens its activities further in "for-profit" development projects.

But Greater Jamaica can neither perform its present role nor expand it without sufficient financial support from the city to enable it to recruit and maintain a high quality staff on a fairly long-term basis. Recent history has shown that its support from the city is uncertain, with the dollar amount it receives varying from year to year. The city must be prepared to provide adequate funds

on a sustained, long-term basis, not to support all of Greater Jamaica's activities, but to support a core group of key managerial and technical personnel. RPA recommends that Greater Jamaica be assured by the city that it will receive funds commensurate with its mission over the next five years.

Support Greater Jamaica Development Corporation's move into for-profit projects. RPA strongly endorses a direction being taken by Greater Jamaica Development Corporation to undertake development projects such as the Firehouse or the renovation of some of the older office buildings by entering into limited partnerships and syndications. It would greatly benefit from being associated with a person in the investment community having expertise in putting together limited partnerships and syndicates and with a real estate broker able to interest large corporations in Jamaica. RPA recommends that the investment banking and real estate brokerage communities in Manhattan work with Greater Jamaica to forge these relationships.

Establish guarantees for long-term mortgages. Obtaining long-term mortgages is now one of the biggest barriers to Jamaica's future growth. Long-term lenders are still hesitant about coming into the area. A reserve fund should be established to guarantee long-term loans on projects Greater Jamaica Development Corporation becomes involved in. This would substantially reduce the risk to long-term lenders. The fund could be established by the city with MAC funds, or the mission of the state's SUNY MAE could be broadened to include this objective.

Leadership coalition. The creation of a Coalition for a Greater Jamaica comprised of representatives from all the organizations that have an interest in Jamaica's future could also do much to improve Greater Jamaica Development Corporation's capabilities by helping it to improve its network of contacts in the business community as well as by increasing the business community's involvement in Jamaica Center.

Conclusion

About three years ago, the city asked Regional Plan Association to take a new look at the future of Jamaica Center and at the policy the city had been following for over 15 years of mobilizing its resources to recreate there a dynamic downtown center. Although there have been many visual and statistical signs of decline during that time, less visible but far more powerful are the signs of vitality and growth. The city's policies of 15 years are about to bear fruit. By 1987, Jamaica Center will be transformed by projects already underway or near completion. On that base, a lively office-retailing-educational-cultural center can be built. The interrelated policies of all levels of government recommended here and the continued civic leadership of Greater Jamaica Development Corporation can make that happen.

APPENDIX A

The conclusions of the 1968 Jamaica Center study by Regional Plan Association are reproduced below. The reasons then given for recommending a much larger and more dynamic center at Jamaica remain the same today, and the planning principles on which the proposals were made are the same. The main difference is that the 1960s was a period of great growth and public investment, so the report anticipated much greater growth and change in the following fifteen years than does the present report. In the 1970s, there was a national economic recession, a New York City fiscal crisis and a serious overbuilding of offices in Manhattan, all of which interrrupted the realization of Jamaica's potential for a decade and a half. Furthermore, the dispersion of office jobs in the New York Region had not reached its current level, so the incentives needed to overcome the declining old-city image of Jamaica Center and attract office jobs were not considered to be as great as those needed now.

Jamaica Center (1968), a publication of Regional Plan Association.

Conclusions

Basic work on the Second Regional Plan has led to the following conclusions:

1. "Regional activities," those that attract people from several miles away—universities, department stores, major health services, central libraries, government headquarters, specialized entertainment and cultural attractions—should be located together in centers served by good highways and good public transportation. Each of these centers should be accessible to a population of about a half-million to two million persons.
2. Centers in the older core of the Region—beginning with downtown Newark, downtown Brooklyn and Jamaica (Queens)—should be emphasized now because:
   a. There is excess capacity in public transportation and other public facilities there.
   b. Centers would increase tax revenues for the poverty-stricken older cities.
   c. They would provide nearby jobs and services convenient to major low-income black ghettos which adjoin or encircle these three potential centers and other possible center locations in the core.
   d. They would retain the concern of middle-income whites for the older cities, whether they live in them or not, and provide an incentive for them to live there, keeping the growing separation of rich and poor, black and white, from becoming an unbridgeable chasm.

After testing these conceptions in Jamaica to see if they really could be applied, RPA has concluded that:

3. Jamaica has tremendous potential to become a great subcenter in the Region and the major focal point for life in the Borough of Queens.
4. Enough key people—government, business and local leaders—recognize this proposal so that progress toward it is already beginning.
5. There is enough land readily available in Jamaica so that development can begin quickly with very little dislocation of present residents and employees. Altogether, the number of acres needed for development is considerably less than the number of acres presently vacant or that could be cleared without serious dislocation problems.
6. Tax returns to the city—from office jobs not likely to locate there without a planned subcenter in Jamaica—would equal many times the extra city costs involved in building a handsome and busy center there.
7. Day-to-day attention must be paid to two urgent issues:
   a. Transportation improvements on the Long Island Rail Road and the Queens subway system should be geared to the center's needs—eliminating the BMT elevated tracks over Jamaica Avenue, providing transit service to South Queens, providing service to Kennedy Airport with a stop in Jamaica, locating subway and railroad stations in Jamaica Center so that office buildings and other major activities are closely related to them and are within walking distance of each other.
   b. York College and the New York Medical College, now seeking sites, should be located in Jamaica.
8. Leaders of the surrounding neighborhoods should be urged to take part in the planning and execution of Jamaica Center.
9. Actions taken should be timed and publicized so that there is a clear sense of dynamism—the public must have a strong sense of a "change at Jamaica."

FOOTNOTES

1. Gail B. Schwartz, *Where's Main Street, USA?* (Westport, CT: 1984), p. 26.
2. Urban Land Institute, *Downtown Retail Development* (Washington, D.C.: 1985), p. 9.
3. *Ibid.*, p. 5.
4. See Table 16.
5. *Ibid.*
6. *Ibid.*
7. These knowledgeable observers included local merchants, realtors and New York City development officials.
8. These estimates are derived from employment figures based on the Wharton econometric model for the Region and Regional Plan Association's Input/Output Model. RPA office projections in the past have been very close. In 1968, RPA projected that jobs in office buildings would increase from 1.6 million in 1965 to 3.0 million in 2000 in the tri-state New York Urban Region.
9. This assumes that in the future New York City will capture about the same share of office development that it has now.
10. For greater detail on Manhattan's office market, see Regina B. Armstrong and N. David Milder, "Employment in the Manhattan CBD and Back Office Locational decisions," *City Almanac*, Vol. 18, Nos. 1-2 (January 1985), pp. 4-18.
11. Julian J. Studley, Inc., *Financial Planning and Analysis of Local Services* (New York, NY: 1982), p. 43.
12. See for example Thomas J. Feagins, "Downtown Parking," *Urban Land*, (February 1985), pp. 27-28.
13. See Steven Spinola, "Promoting Back-Office Development in New York City," *City Almanac*, Vol. 18, Nos. 1-2 (January 1985), pp. 4-18.
14. See for example Michael Hanson, "Back Office Space: Is It More Than a Cliche?", *New York Affairs* (Winter-Spring 1983).
15. Vernon Boggs, *King Park and Manor Use Study*, C.U.N.Y. Graduate School (New York: 1984), p. 23.
16. Regional Plan Association, *Economic Development and Public Infrastructure Investment for the New York Urban Region* (May 1982).
17. See Mihailo Temali and Candace Campbell, *Business Incubator Profiles: A National Survey*, Hubert H. Humphrey Institute (Minneapolis: 1984), p. 130, pp. 22-23.
18. Hammer, Siler, George Associates, *Retail Market/Strategy Analysis: Jamaica Center, N.Y.* (Washington, D.C.: 1981), p. 43.
19. The use of per capita or average incomes instead of median incomes is not unusual in retail market studies. See, for example, the Hammer, Siler, George study mentioned above and: Nordal Associates, *Department Store Market Demand Analysis: Forest Hills Galleria, Rego Park, New York* (New York, N.Y.: 1980), p. 33.
20. See the 1973 study of Jamaica's retail market by Perry Meyers, *Study of Retail Expansion in Jamaica*.
21. This area is a likely secondary market for both Queens Center and downtown Flushing.
22. According to the Urban Land Institute, (ULI), each additional 1,000 workers located in a downtown increases annual retail sales volumes by $3.32 million. These additional retail expenditures come from office workers and visitors to the office complexes. See ULI's report, *Downtown Retail Development*, p. 8.

    There are now about 6,000 office workers in Jamaica Center who we believe have not stimulated appropriate retail stores because they do not have the geographic concentration that today's retail stores look for. By 1987, there will be 11,000 office workers, an increase of 4,500 in a very compact geographical area. This should add $14.5 million in retail sales according to the ULI formula. The additional 10,000 office workers targeted for Jamaica Center by the end of the century would add, according to the formula, $33.2 million in annual retail sales.

    With an improved retail mix, we believe that Jamaica's office workers should be stimulating about $67.6 million in additional annual retail sales (in 1985 dollars) according to this formula.
23. See Citizens Crime Commission of New York City and Regional Plan Association, *Downtown Safety, Security and Economic Development Program: Final Report on Phases I and II*, (New York, N.Y.: 1985).
24. Based on a previously unpublished analysis of the trade area telephone survey conducted by the Downtown Safety, Security and Economic Development Program.
25. Artan Research, *The Impact of Planned Shopping Mall Development in Rego Park and Downtown Flushing, Queens County* (New York : 1982), p. 23.
26. *Downtown Safety, Security and Economic Development Program: Final Report on Phases I and II.*
27. *Ibid.*
28. A. Smith, "The Future of Downtown Retailing," *Urban Land*, Vol. 31 (1972), pp. 3-10.
29. For a fuller discussion of downtown special assessment districts see: J.R. Gregson, "New Orleans Creates CBD Taxing District," *Practicing Planner* (December 1976), pp. 43-46. N.D. Milder and C.E. Furr, *Municipal Service Districts in North Carolina* (Charlotte: 1979), p. 38; *Downtown Safety, Security and Economic Development Program: Final Report on Phases I and II.*

30. See for example Jack Stokvis, "Why Can't a Downtown Be More Like a Mall?", *Urban Land* (September 1984), pp. 10-15. Lawrence Alexander has periodically reported on similar attempts in various issues of the *Downtown Idea Exchange*.

31. Schwartz's national study found that government offices are "important contributors to CBD vitality." Gail Schwartz, *Where's Main Street, USA?*, p. 17.

32. Again and again, researchers have stressed the importance of density and compactness to downtown revitalization. See, for example, ULI's *Downtown Retail Development* and the report of the Downtown Safety, Security and Economic Development Program.

33. The package of incentives in Table 22 that ties real estate and occupancy tax reductions to lower electricity rates is, in our opinion, extremely close in value to what will be made available to businesses locating outside of the Manhattan core area if Mayor Koch's 1985 proposal to lower occupancy and energy taxes are enacted.

34. See Jon L. Leffler, "Off Price Retailing in Perspective," *National Mall Monitor* (August 1983), p. 19. This issue of the magazine is devoted to off-price retailing.

35. *New York Times* (October 23, 1983), Section C, p. 1.

36. Hammer, Siler, George and Associates, *New York Outlet Mall: Jamaica Center, New York* (Washington, D.C., February, 1981), p. 43.